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*Annual Report 2021*

*of the Austrian Court of Audit*

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## PRELIMINARY REMARKS

On 28 December 2021 the Austrian Court of Audit submitted its Annual Report 2021:

pursuant to Article 126d para. 1 Federal Constitutional Law to the National Council (Federation 2021/44)  
III–509 of the enclosures to the Stenographic Minutes of the National Council XXVII GP

pursuant to Article 127 para. 6 in conjunction with Article 127 para. 8 Federal Constitutional Law to the  
Burgenland Parliament (Burgenland 2021/6)  
Carinthian Parliament (Carinthia 2021/3)  
Lower Austrian Parliament (Lower Austria 2021/13)  
Salzburg Parliament (Salzburg 2021/6)  
Styrian Parliament (Styria 2021/6)  
Tyrolean Parliament (Tyrol 2021/5)  
Upper Austrian Parliament (Upper Austria 2021/9)  
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## 260 years of the Austrian Court of Audit

With a handwritten decision from 23 December 1761,

Maria Theresa established the tripartite financial administration, consisting of the Court Chamber, the Court Audit Office and the General Directorate of Accounts.

Maria Theresia



## THE PANDEMIC PUTS THE STATE TO THE TEST

2021 was, once again, not an easy year. The hope to end the year less burdened by the all-encompassing pandemic was disappointed. We, as a society, will obviously have to accept uncertainty to a certain extent. We still don't know this virus in all its forms and it is unsettling to be unable to fully control the future.

Nonetheless, we must not become discouraged. More than ever, we must stand strongly against the pandemic. Through considerateness, solidarity and the willingness to acknowledge facts and scientific progress. The pandemic puts the state to the test. It confronts the state with many challenges because it is precisely in times of crises that action must be taken.



The Austrian Court of Audit (ACA) assumes its share of responsibility in these times by assessing the extensive public measures in all their aspects: systematically, functionally and economically. With our comprehensive COVID-19 audits, we create transparency on and accountability for the high public expenditure, we assess the effectiveness of the measures ex post. Furthermore, our work has a preventive impact as all audited entities know that the ACA is entitled to audit comprehensively and that it also acts accordingly.

Of course, we have always taken account of the crisis, which is why our audits focus on highlighting the potential for improvement and not on criticism. We have therefore identified numerous weaknesses, which will certainly have to be addressed after the acute stage of crisis management. The ACA urges that the lessons drawn from the crisis be also considered for the future.

On 23 December 2021 the ACA celebrated its 260<sup>th</sup> anniversary. It was established by Empress Maria Theresa in times of great financial difficulties in order to unveil "all the deficiencies, especially in state expenditure". At that time, the state faced a financial crisis and the work of the Court Audit Office was to contribute to overcoming it. 260 years later, the ACA is playing a central role in the state as its supreme audit body. The ACA contributes to upholding confidence in the state by consistently continuing its audit work, especially in times of crises.

With its new three-year audit priority "Next Generation Austria", the ACA plans to place again a stronger emphasis on future challenges. In doing so, it will address the question of whether we are passing on something more than just debt to the next generation and how the state can be further developed in a future-oriented and sustainable manner. The big task for all areas of administration is to be resilient and to act with foresight.

I would like to thank in particular the National Council and the provincial parliaments for the importance they attach to audit in their political work. I would also like to express my appreciation for the predominantly good cooperation with the audited entities, which, especially in difficult times, is often very challenging.

Thank you for your interest in the ACA's work.

*Margit Kraker*

President of the Austrian Court of Audit

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*PRIORITIES:*

- *Auditing in times of the COVID-19 pandemic*
- *Public budgets in times of the pandemic*
- *Climate protection: an important focus of the ACA*
- *Health is the greatest wealth*
- *Political Parties Act and audit by the ACA*
- *Further audit gaps*
- *Audit priority “benefit for citizens”*
- *New three-year audit priority*
- *“Next Generation Austria”*
- *Trust: The ACA Podcast*



## 1 PRIORITIES 2021

### 1.1 AUDITING IN TIMES OF THE COVID-19 PANDEMIC

Already in spring 2020, the ACA took immediate responsive measures – i.e. promptly after the outbreak of the COVID-19 pandemic – and adapted its audit programme accordingly. In last year’s annual report, the ACA therefore outlined its COVID-19 audits, which had already started at that time, and gave an outlook on the planned ones.

By now, the ACA has initiated about 20 COVID-19-related audits of the manifold crisis management measures. Furthermore, it has already published first reports on the pandemic.

On the basis of its current audits, the ACA can also make a first evaluation – an evaluation at a time when challenges are great and are likely to remain great for some time to come: high incidences, high hospital bed occupancy rates, a low vaccination rate (despite the available vaccines), new virus variants and – for 21 months now – heavily burdened staff in the health and old-age care sector. Against this backdrop, it is more important than ever to act in solidarity and to trust in scientific progress, especially in the healthcare sector. No one can fight a pandemic alone. It can only be overcome together. The COVID-19 pandemic has taught us that in difficult times dominated by strong uncertainties the cooperation between the players in the public sphere must improve. At present, it is still necessary for the public sector to counteract the negative effects of the pandemic: in the short term, through financial support (see the report “[Hardship Fund – Funding Administration](#)”, volume Federation 2021/29); in the

medium to long term, however, given the state of public finances (see [chapter 1.2 “Public budgets in times of the pandemic”](#) and the [“Report on the Federal Financial Statements 2020”](#)), we will need to gather strength again for structural reform measures.

In this context, strengthening the public sector’s capacity to act and reaching an agreement on the required measures have to take centre stage. This was shown by the ACA’s audits at the level of the federal government, of the provinces and across the different levels of government. We have witnessed a lot of energy being wasted in national cooperation. In a crisis, quick decisions and clear responsibilities are needed. Who is in charge, who makes decisions, who is responsible for their legal and organizational implementation, and who pays? In future, there has to be a clear crisis mechanism for these questions.

In a democratic system, public institutions must strive to gain the trust of the citizens. Among others, this can be achieved by providing accurate and reliable bases of data and comprehensible decision-making criteria for measures to be taken (see the report [“Health Data on Pandemic Management in the First Year of the COVID-19 Pandemic”](#), volume Federation 2021/43).

In this regard, the value placed in science and research in Austria makes a difference. A high degree of objectivity and comprehensive transparency give rise to credibility (see the report [“COVID-19 – Structure and Scope of the COVID-19 Financial Aid Measures”](#), volume Federation 2021/25). Therefore, politics must be made based on facts and evidence.

The total amount of expenditure for COVID-19-related aid measures shows how important it is to audit public management. The said measures currently amount to an estimated EUR 41.8 billion. However, revenue losses from taxes must be added to these aid measures, which increases the total amount. According to the Fiscal Advisory Council’s estimations for the period 2020–2022, the effects on the budget will amount to an estimated EUR 68.9 billion.

Against this backdrop, the following chapters outline the ACA’s audits carried out and already published in 2021. With this audit work, the ACA wishes to contribute some lessons learned for future crisis management.

## COVID-19 – STRUCTURE AND SCOPE OF THE COVID-19 FINANCIAL AID MEASURES

In its report published in June 2021 on “COVID-19 – Structure and Scope of the Financial Aid Measures” (volume Federation 2021/25), the ACA presents a systematic overview of the financial aid measures provided by the Federal Government and the provinces to address the COVID-19 pandemic – namely in the period between March 2020 and 30 September 2020. The report depicts the complexity, intricacy and comprehensiveness of the financial flows and presents the beneficiary groups of the financial aid provided. The audit aimed at creating transparency on the use of public funds. In end-2021, the ACA will carry out an update of the data and publish it in the first quarter of 2022.

For the audited period, an overall volume of EUR 52.180 billion was available for financial aid measures. Of this overall volume, EUR 21.332 billion, namely 40.9%, were transformed into concrete financial aid until end-September 2020, of which about EUR 20.900 billion were borne by the Federal Government and some EUR 432 billion by the provinces.

The financial aid measures of the Federal Government were mainly targeted at the following areas: economy (EUR 6.410 billion) and labour market (EUR 5.049 billion) as well as financial aid measures in connection with foregone revenue or the deferral of revenue (EUR 6.967 billion).



Overall, 89 financial aid measures of the Federal Government were reported to the ACA. In 38 cases the Federal Government commissioned third parties, so-called intermediaries, with their implementation. In doing so, the ministries resorted largely to already existing settlement agencies. The COVID-19 Federal Financing Agency (COFAG) was the only newly established agency. Intermediaries, i.e. third parties, were commissioned also in the provinces with the implementation of the aid measures.

It has become evident that the considerable number of involved players – federal ministries, provinces and intermediaries – at the federal and provincial level substantially increased the complexity and resulted in a lack of clarity. The numerous interfaces required coordination within and between the federal ministries and local authorities. In its report, the ACA therefore presented all financial flows related to the COVID-19 aid measures.

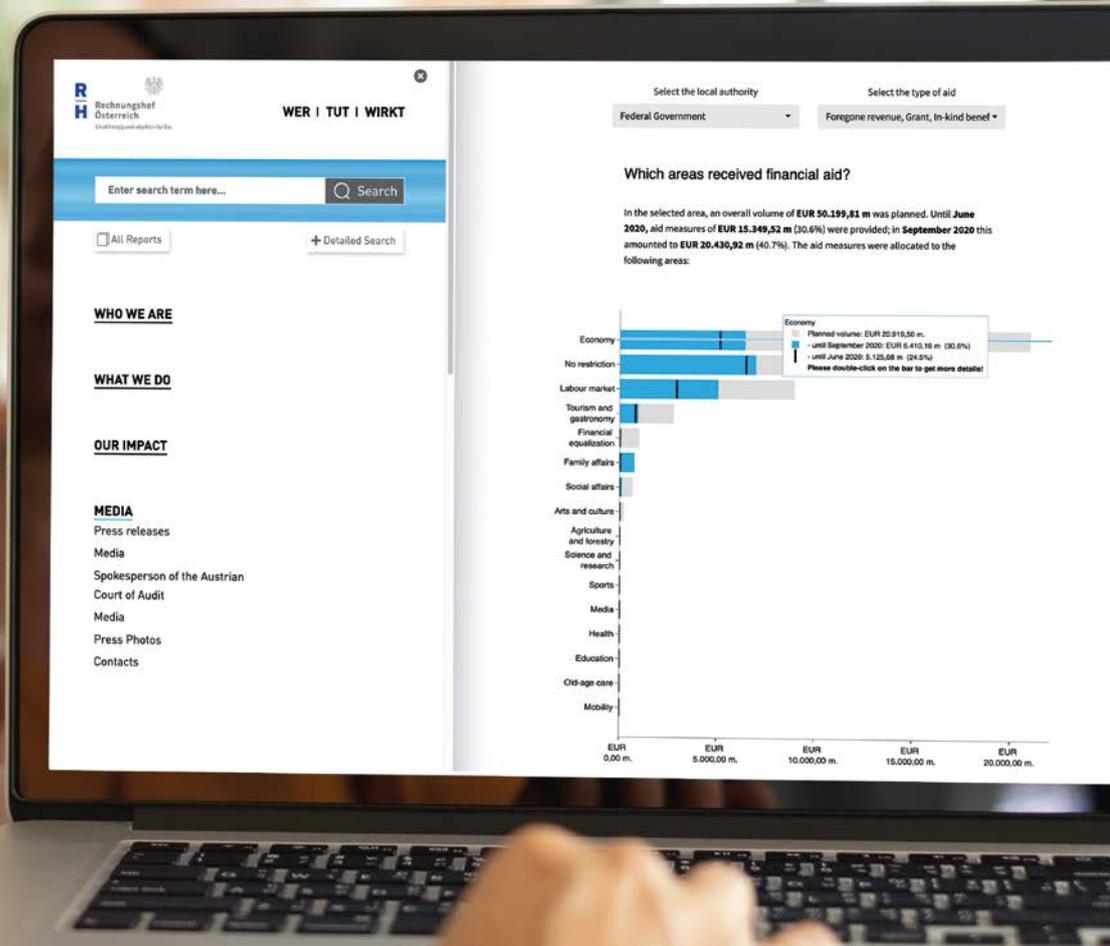
As regards the financial aid provided by the Federal Government, applications had to be filed for more than half of the measures. At the federal level, some 1.74 million applications for financial aid measures were submitted by 30 September 2020.

On its website, the ACA also published an interactive graph to illustrate the results of the audit:

[https://www.rechnungshof.gv.at/COVID19\\_interaktiv](https://www.rechnungshof.gv.at/COVID19_interaktiv)

This webpage provides an interactive overview of the financial aid measures that were provided both by the Federal Government as well as by the provinces during the COVID-19 pandemic. This gives citizens the opportunity

to see how many grants, in-kind benefits, guarantees and loans were paid out by the cut-off days in June and September 2020. The measures are broken down by several areas, such as “labour market” and “education”. Users can select the different levels of government or a specific area, based on which an explanatory text is generated automatically, with an updated visualization. Within the diagram, more detailed information becomes visible if a bar is selected. Then the individual aid measures provided for the selected area are displayed more comprehensively. In this way, citizens determine the depth of the displayed information themselves. The application has also been translated into English.



### COVID-19 – CRISIS MANAGEMENT FUND

In the context of preparing the Report on the Federal Financial Statements 2020, which was submitted to the National Council in end-June 2021 (see chapter 1.2 “Public budgets in times of the pandemic”), the ACA audited the COVID-19 Crisis Management Fund. This fund, endowed with 28 billion euros, was administered at the Federal Ministry of Finance in order to provide the federal ministries with the budgetary resources needed for COVID-19 measures. The audit aimed at ascertaining the legal classification of the crisis management fund in the federal budget as well as at assessing the payment flows pertaining to the fund and at assessing the regularity of the related financial management.

Based on its audit and in light of the financial measures still required to deal with the crisis situation caused by the COVID-19 pandemic, the ACA issued recommendations on budgeting in order to safeguard compliance with the budgetary principles of transparency and a true and fair view. Regulations on the uniform accounting of administrative funds would have to be initiated, and facts that have a decisive influence on the financial situation of public finances would have to be presented in a comprehensive and transparent manner. With the continuation of the crisis situation, additional information on businesses receiving loans would have to be collected, and the default risk of the guarantees granted would have to be reassessed and included in the reporting to the National Council.

### HARDSHIP FUND – FUNDING ADMINISTRATION

The ACA published the report “Hardship Fund – Funding Administration” (volume Federation 2021/29) in August 2021. The Hardship Fund was created to mitigate the negative economic impacts of the COVID-19 pandemic on one-person and family businesses. In its report the ACA evaluated the funding administration as well as the legal framework conditions, which were created under considerable time pressure. The auditors reveal the manifold problems in the design of the funding disbursed via the Hardship Fund – in particular as regards the definition of the funding criteria and the calculation of the funding amount. The goal to provide broad financial support across all sectors was met to a large extent.

In the report, the ACA acknowledged the quick response of the Federal Government to the unexpected economic hardship of the funding target group through the establishment of the Hardship Fund. It also emphasized positively the unbureaucratic and swift administration of the hardship fund envisaged by the Federal Government.



The financial resources for the Hardship Fund are derived from the COVID-19 Crisis Management Fund. The latter is administered by the Federal Minister of Finance. The Federal Ministry for Digital and Economic Affairs is responsible for the operational implementation of the Hardship Fund. The Austrian Federal Economic Chamber has been entrusted with the processing of funding applications, which is free of charge.

The Hardship Fund was designed for businesses that could benefit neither from guarantees nor from short-time work schemes. The funds paid out were to cushion the costs of living for entrepreneurs. In contrast to economic promotion, which should encourage a specific behaviour desired from the viewpoint of economic policy, the Hardship Fund has a clear social objective. Consequently, the Federal Ministry for Digital and Economic Affairs had to break new ground in the conception of the funding regulation. This necessitated a high degree of technical improvisation and gave rise to manifold problems as regards the funding design.

Within seven weeks, three different versions of the funding regulation entered into force for phase 2 (from mid-April 2020). These specified in particular the group of persons eligible for funding, the funding requirements, the funding amount and the procedure for funding administration. The applicants had to familiarize themselves with several versions of the regulation within a short period of time. The amendments altered the funding requirements significantly. The revised funding regulations and the therefore constantly necessary reinterpretation also implied considerable additional work for the Austrian Federal Economic Chamber, which was entrusted with the processing.

The Federal Ministry of Finance and the Federal Ministry for Digital and Economic Affairs had failed to estimate the costs for processing and control. However, the assumption of costs by the Austrian Federal Economic Chamber could not relieve the two ministries of carrying out a cost estimate to ensure economic efficiency. In addition, the ACA critically noted that no minimum funding amount had been defined at the beginning of phase 2 in order to avoid very low disbursement amounts. Funds already paid out from phase 1 were offset in phase 2. As a result, the amounts paid out until the end of April 2020 were sometimes low, in some cases significantly less than EUR 100.

In phase 2, the Federal Minister of Finance decided in agreement with the Federal Minister for Digital and Economic Affairs and the Vice-Chancellor to employ a model to compensate for the individual economic damage caused by the loss of earnings of entrepreneurs. This model for calculating the funding amount was complex and difficult to understand. For applicants, the requirements and preparatory work for filling out the online application form increased considerably.

The ACA furthermore highlighted the potential for improvement as regards user-friendliness: data already entered could not be saved temporarily and access to the online application form was limited in time.

209,000 beneficiaries submitted about 805,000 funding applications. A total of some EUR 895.91 million in funding was disbursed from the Hardship Fund. The figures refer to the audited period from March to December 2020. In phase 1 (March to mid-April 2020), 2% of the applications were rejected. In phase 2 – with a cut-off date of 31 December 2020 – the rejection rate was at 14%.

Some 72% of the funding went to entrepreneurs from the sectors of trade and crafts, tourism / food services, other, social services / health care / nursing and trade. Furthermore, entrepreneurs from other sectors, such as consulting, leisure and sports, and transport, benefited as well.

The average completion time for phase 1 was just under one day. As regards phase 2, the Austrian Federal Economic Chamber had disbursed the funds to 95% of the beneficiaries within 19 days of their application by 31 December 2020.

#### HEALTH DATA ON PANDEMIC MANAGEMENT IN THE FIRST YEAR OF THE COVID-19 PANDEMIC

During 2020, the Federal Government, the Federal Ministry of Health, the provincial governors and the district administrative authorities as well as other legal entities such as hospitals and social insurance providers made vital decisions on the management of the COVID-19 pandemic and for the protection of the population. The basis for such decision-making was the information available on the epidemiological events, contextual information such as the number of tests or cluster formations, information on the resources available for pandemic management such as the number of inpatient and intensive care unit beds in hospitals and on the implications of the measures, such as the effects on the health system. In the course of 2020, discussions repeatedly emerged about whether such data was available in the required quality.

The aim of the ACA's audit on "Health Data on Pandemic Management in the First Year of the COVID-19 Pandemic" (volume Federation 2021/43) was therefore to assess the availabil-

ity, quality and processing of health-related data on the development of infections and on the epidemiological management. The audit also focused on the data on selected resources deployed to fight the pandemic and on the medical care provided in the outpatient sector and in hospitals during the pandemic.

The ACA noted that, in essence, sufficient information was available on the number of new infections to determine lockdowns and opening measures. However, the data on three significant context areas were informative only to a limited extent, namely those on testing (and the reasons for testing), the clusters and the functioning of the quarantine processes applied for infected persons and their contact persons.

At the beginning of the pandemic, up-to-date information on hospital bed occupancy and free capacities of hospitals for crisis and disaster situations was not available, nor were corresponding reporting structures. Due to the lack of specifications, the interpretations and counting methods differed. A significant improvement of the reporting system was achieved only in November 2020. Consequently, reliable data on hospital capacities was available only six months after the onset of the pandemic. However, the related survey, too, failed to provide individual case-related data and produced only aggregated data that was not interlinkable with the epidemiological reporting system.

As regards the availability of protective equipment, the ACA found that there was no comprehensive overview of the existing stocks and the crisis preparedness plans did not include any provisions for procurement processes. A permanent solution for the storage of protective equipment was lacking at the time of the audit.

The legal foundations, the healthcare planning and the pandemic plans did not contain a sufficient framework for crisis and disaster situations. The responsibilities for corresponding measures lacked clarity – especially in the outpatient sector. The respective stakeholders’ communication with the public was not optimally aligned with the objectives of healthcare policy. Although the Austrian healthcare system could provide care for a considerable number of people infected with COVID-19 (in particular through 69,000 hospitalization days and the establishment of home visit services), a decline in regular medical care could be observed: about 6.55 million (7%) fewer medical consultations and about 135,000 (10%) fewer screenings were registered.

The legal and institutional separation between the healthcare authorities and the institutions providing care (especially the hospitals and social insurance providers) rendered it difficult to make optimal use of the total resources available.

The ACA considers this report to be a lessons learned report for future crisis management. The focus was on the question as to how to respond to future comparable situations.

Against this backdrop, the ACA saw significant room for improvement as regards

- the planning with foresight,
- a uniform and targeted communication of adaptations of the healthcare system to the pandemic,
- the further development of data collected to have a comprehensive overview of the implications related thereto, and
- the optimization of regulations with regard to the interaction of healthcare authorities, hospitals and social insurance providers in a crisis situation.



### COVID-19-RELATED AUDITS

In addition to its audits with an explicit focus on COVID-19, the ACA considered the implications of the COVID-19 pandemic in many other reports, such as in the report “Transport Infrastructure of the Federation – Strategy, Planning and Financing; Follow-up Audit and COVID-19 Implications” (volume Federation 2021/33). As a consequence of the COVID-19 pandemic, the Austrian road oper-

ator ASFINAG saw a decline in passenger car traffic by 38.4% in the second quarter of 2020 compared to the prior-year reference quarter. In the first three quarters of 2020 the decline amounted to 20.0% compared to 2019. The freight traffic decreased by 15.2% in the second quarter of 2020 and by 7.1% in the first three quarters of 2020 compared to the prior-year reference period. The passenger car traffic hence saw a stronger decline than the freight traffic. Especially the transalpine connections were affected by the lower traffic volume – in particular due to the loss of tourism. As a result of the lower traffic volume, the toll revenue for the entire year 2020 decreased by about EUR 260 million compared to the original plan.

The report “Spanish Riding School – Lipizzaner Stud Piber” (volume Federation 2021/36) points to the fact that the Spanish Riding School, in its capacity as a cultural and tourism business holding public performances, has been strongly affected by the COVID-19 pandemic and could not generate any revenue. In order to overcome the financial difficulties created by the crisis, the Spanish Riding School needed money from the owner and concluded a subsidy agreement amounting to EUR 7 million for 2020 with the Federal Ministry of Agriculture in May 2020. It remained, however, dependent on further measures by the Federal Ministry of Agriculture.

As regards the audit of the “IT Security Management in the Administration of Selected Federal Ministries” (volume Federation 2021/31), the ACA also assessed the transition to telework during the COVID-19 pandemic with regard to IT security. The use of private IT equipment for telework was not provided for in the corresponding legislation since it was the employer who had to provide

for the necessary IT equipment for telework. For the partial use of private IT equipment – during the more extensive periods of telework during the COVID-19 pandemic – there was a lack of sufficient specifications on IT security in the departments assessed.

The report “Day Care for Pupils; Follow-up Audit” (volume Federation 2021/26) unveils that full-day care for pupils in schools was provided also during the first lockdown. Fully integrated all-day programmes, however, were put on hold until the end of the school year. The Federal Ministry of Education, Science and Research collected, on a daily basis, data on the actual attendance of pupils and teachers at primary and lower secondary schools. However, the respective stakeholders failed to carry out a numerical survey of pupils in all-day care. The Federal Ministry of Education, Science and Research also lacked data on the use of after-school care facilities during the first lockdown. The effects of the fragmentation of competences in school day care were also clearly evident in the acute phase of the COVID-19 pandemic: although, for example, the Federal Government issued a recommendation to the providers of compulsory general education during the first lockdown, a uniform approach could not be ensured due to the fact that the provinces were in charge of the corresponding implementation. Similarly, the respective stakeholders failed to coordinate their approaches with the non-school sector as regards the care provided for pupils and the assessment of contributions.

## TRANSPARENCY ABOUT THE EXTENSIVE USE OF FUNDS

By publishing all these reports, the ACA creates transparency for citizens. In its audits, the ACA identifies areas for potential improvement. Lessons for the future can and should be learned from the subject matters and recommendations.

In its audits, the ACA assesses the effectiveness of the measures taken by the Federal Government. How big are the deadweight effects? Was there any overfunding? However, it goes without saying that the ACA also takes the crisis into account. In a crisis, it is not always clear what is coming. The motto is: better safe than sorry. Facts require measures.

Some instruments help to bridge crises in the short term, but should not remain in place permanently because they tie up financial resources and prevent innovation. After the crisis, true investments in the future – also for

future generations – will retake centre stage. In addition, it must be assessed whether the individual measures were appropriate – as in the case of the short-time work subsidy with compensations of up to 90% – and whether the individual measures fit into the overall picture. This means: which measures were more successful, which less?

In addition to the results of the already published audits outlined above, the ACA notes that, among others, audits on the following COVID-19-related topics are currently ongoing: short-time work, procurement of vaccines, COVID-19 tests at schools, aid measures for certain social groups (families, artists) and the COVID-19 Federal Financing Agency (COFAG).



## 1.2 PUBLIC BUDGETS IN TIMES OF THE PANDEMIC

In June 2021, the ACA submitted the Report on the Federal Financial Statements 2020 to the National Council. The year 2020, and therefore also the federal budget 2020, were dominated by the COVID-19 pandemic. Public finances strongly reflected the measures taken to overcome the pandemic. In 2020, COVID-19 measures worth a total of EUR 31.8 billion were approved, some EUR 14.5 billion of which were paid out and some EUR 6.4 billion of which represented public revenue shortfalls.

The net result of 2020, i.e. the difference between expenditure and revenue, represented a deficit of -EUR 23.628 billion. It was by EUR 24.447 billion below the 2019 level. This resulted, among others, from the fact that tax revenue decreased by EUR 7.039 billion compared to 2019. The financial expenditure grew significantly by EUR 19.127 billion.

The transfer expenditure was by EUR 19.149 billion higher than in 2019. This essentially resulted from higher expenditure due to the measures to fight the COVID-19 pandemic, including in particular the financing of short-time work.

The negative net funding balance 2020 of the statement of financial position accounted for -EUR 22.480 billion and was higher by EUR 1.881 billion than budgeted. This essentially resulted from lower incoming tax payments as well as from measures to fight the COVID-19 pandemic that resulted in pay-outs.

The general government deficit 2020 determined by Statistics Austria in September 2021 totalled -EUR 31.524 billion or 8,3% of the gross domestic product. In the previous year, the general government surplus of the Republic of Austria still amounted to +EUR 2.424 billion or +0.6% of the gross domestic product. The tax ratio was at 42.6% in 2020 compared to 43.1% in 2019.

In the statement of assets, the debt of EUR 290.948 billion clearly surpassed the assets by EUR 115.537 billion. Debts increased by EUR 36.567 billion compared to the previous year, of which financial debts accounted for a growth of EUR 29.204 billion. Assets were by EUR 11.892 billion higher than in the previous year. This mainly resulted from liquid funds that were higher by EUR 6.666 billion. The balance figure of debts and assets showed negative net assets, which amounted to -EUR 175.411 billion as at 31 December 2020 and thus declined by EUR 24.675 billion compared to the previous year. As at 31 December 2020, federal guarantees amounted to EUR 106.224

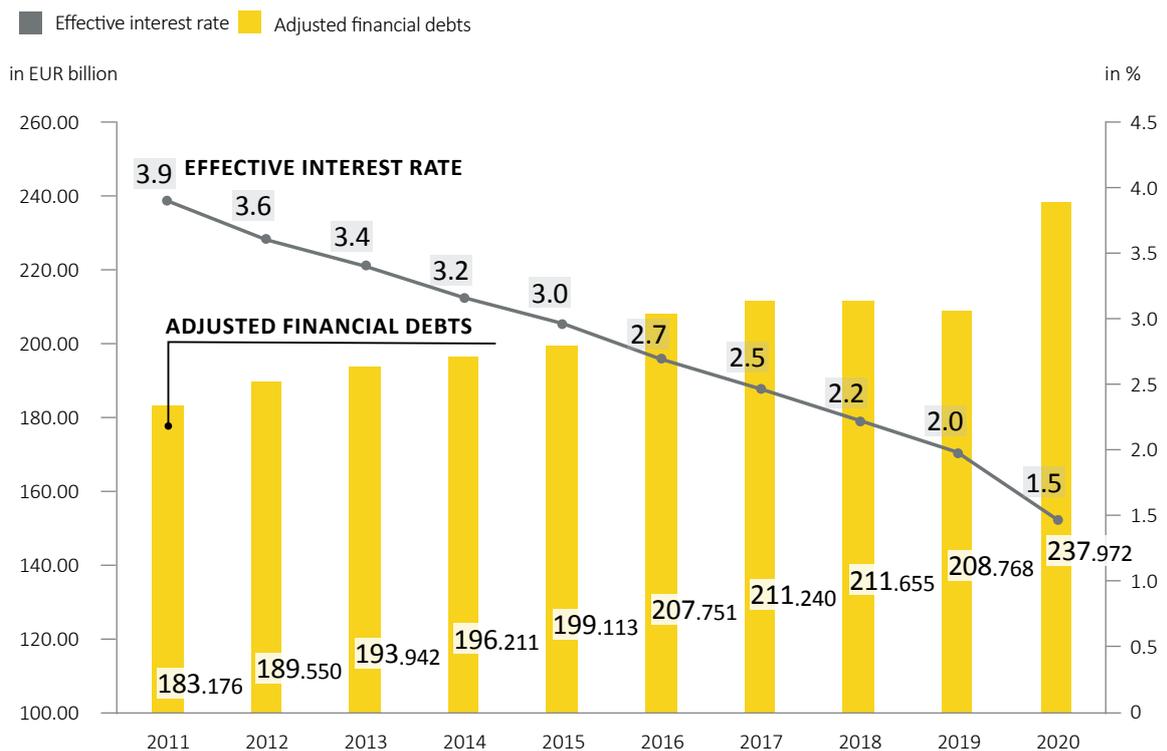


billion and were therefore by EUR 3.135 billion higher compared to the same point in time in 2019. For the first time, they included COVID-19 guarantees, in particular pursuant to the SME Promotion Act (KMU-Förderungsgesetz) and the Guarantee Act (Garantiegengesetz), amounting to EUR 5.303 billion.

**DEVELOPMENT OF FINANCIAL DEBTS**

The impacts the COVID-19 pandemic had on public finances and the measures to fight them were manifold. The strong economic downturn (-6.6% of the gross domestic product) in 2020 resulted in, on the one hand, public revenue shortfalls and, on the other hand, numerous aid measures that were required for various sectors of the economy. These measures were essentially financed by federal bonds. In 2020, the adjusted financial debts of the Feder-

ation thus accounted for EUR 237.972 billion (63.4% of the gross domestic product); they were by EUR 29.204 billion higher compared to 2019. By 31 August 2021, the adjusted financial debts of the Federation had grown to EUR 252.942 billion. The real interest rate of the borrowings made in 2020 amounted to an average of -0.3% (of the total financial debts it amounted to +1.5%). As in 2019, the Federation was able to finance itself through a real interest rate that was on average negative. The financial debts incurred in 2020 had an average term of 10.2 years. Despite the fact that the adjusted financial debts increased sharply in 2020, the total interest obligations for the adjusted financial debts decreased from 2021 on from EUR 54.807 billion as at 31 December 2019 to EUR 53.210 billion as at 31 December 2020 due to the currently low interest rate level.



The securities purchase programmes PEPP (Pandemic Emergency Purchase Programme, since 2020) and PSPP (Public Sector Purchase Programme, since 2015) provide the European Central Bank with tools for purchasing federal bonds in order to counteract the negative effects of the COVID-19 pandemic. According to information provided by the Austrian Treasury, the Euro system held a total of some EUR 105 billion in Austrian federal bonds under those two programmes as of mid-2021, which make up around 40% of all outstanding federal bonds. Overall, some 88% of investors in Austrian federal bonds were from Europe, around 7% from North and South America, around 3% from Asia and around 2% from the Middle East.

The general public debt determined by Statistics Austria in September 2021 according to the provisions of the European Union encompasses the debts of the Federation, the provinces, the municipalities and the debts of certain organizational units. This resulted in debts totalling EUR 315.644 billion or 83.2% of the gross domestic product. According to the budget report 2022, the general public debt will decline to 82.8% of the gross domestic product in 2021 thanks to the expected economic recovery.

The Maastricht debt is thus significantly higher than the reference value of 60% of the gross domestic product. The failure to meet the Maastricht debt criterion was permissible according to the Council's recommendations of 20 July 2020. Following the outbreak of the COVID-19 pandemic, the European Commission activated the "general escape clause", initially for the years 2020 and 2021. The escape clause's purpose is to allow member states to deviate from EU fiscal rules in a coordinated and orderly manner. The Commission

suspended the assessment of whether the medium-term budgetary objective was met due to the escape clause.

The European Union's recovery plan "Next-GenerationEU" is a temporary recovery instrument worth around EUR 806.9 billion that aims at mitigating the direct COVID-19-related damage to the economy and society. To finance the individual programmes of "Next-GenerationEU", the European Commission borrows money on the financial markets on behalf of the European Union. The "Recovery and Resilience Facility" programme is at the heart of the recovery plan, through which a total of EUR 723.8 billion will be paid out to EU countries via loans and non-repayable grants. According to the "Austrian Recovery and Resilience Plan 2020–2026", Austria's share of these funds could reach a total of up to EUR 3.46 billion.

#### AUDITING THE FINANCIAL STATEMENTS

In the framework of drafting the Report on the Federal Financial Statements, the ACA carries out end-of-year audits. In addition to random document checks, this audit also included analytical and systematic audit activities, such as checks of the valuation of equity interests and assets held in foreign currencies, of the recording and valuation of receivables and fiduciary assets, of allocations to provisions and of the accrual-based recoding of expenditure and revenue.

Numerous recommendations issued by the ACA in the framework of the audit of the 2019 federal financial statements had in the meantime been implemented. They included, among others, the recognition of a receivable vis-à-vis the ÖBB-Infrastruktur Aktiengesellschaft or the recording of liabilities for

subsidies with regard to urban water management as well as the valuation of interests held in foreign currencies.

Based on its audit of the 2020 federal financial statements, the ACA issued recommendations, e.g. on the accrual-based recording of business transactions and the implementation of the results of the external evaluation of the federal budget reform as well as on the amendment to the Federal Organic Budget Repeal (Bundeshaushaltsverordnung).

In addition, the ACA audited the Austrian COVID-19 Crisis Management Fund (COVID-19-Krisenbewältigungsfonds) with regard to its legal classification in the federal budget, identified payment flows from the fund and eventually audited the regularity of its financial management (see chapter 1.1 “Auditing in times of the COVID-19 pandemic”).

## REFORM PROJECTS IN THE FRAMEWORK OF FINANCIAL EQUALIZATION

The financial equalization process between the Federal Government and the provinces was envisaged to run until end-2021, but was extended by one year. Reforms agreed in the framework of financial equalization were also postponed. Their necessity was, however, highlighted in the ACA’s report “Reform Projects in the Framework of Financial Equalization” (volume Federation 2021/17).

The agreement on financial equalization encompassed 28 reform projects from 2017 until 2021. The ACA carried out an audit on the implementation of the agreed reform projects. In their report, the auditors note that although activities were undertaken in almost all reform projects, they were of varying intensity. The scope reached from several working group meetings per year to a one-time dissemination of information. Furthermore “not every activity advanced the project”.

The ACA broke the 28 reform projects down into four thematic areas: “task assessment and task orientation”, “tax autonomy”, “health and care” as well as “further reform projects and measures”.

Of the 28 reform projects, 14 were completed and six were ongoing at the time of the audit. Two projects were not carried out and in six cases the project was cancelled during its implementation.

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# REFORM PROJECTS IN THE FRAMEWORK OF FINANCIAL EQUALIZATION

Overview of the reform projects (in German):

Reformprojekt	Projektfortschritt	Status
<b>Aufgabenkreis und Aufgabenorientierung</b>		
1 Arbeitsgruppe Aufgabenorientierung	Projekt abgeschlossen	Nachfassende Aufhebung des in § 12 SAC 2007 formulierten Aufgabenorientierung
2 Arbeitsgruppe Bundesstrukturreform	Projekt abgeschlossen	Projekt abgeschlossen, keine weiteren Verhandlungen
3 Arbeitsgruppe Benchmarking	Projekt abgeschlossen	Modell erarbeitet, Abschlussbericht lag vor
4 Arbeitsgruppe Spending Reviews	Projekt läuft noch	Abschlussberichte liegen nicht vor
<b>Algenbestände</b>		
5 Arbeitsgruppe Algenbestände von den Ländern	Projekt abgeschlossen	keine Einigung der Finanzgleichgesparten
6 Arbeitsgruppe Grundsteuer	Projekt abgeschlossen	keine Einigung über eine einheitlich abgrenzenden Kriterien der Steuerpflichtigen
7 Veränderung des Wohnbauänderungsbeitrags	Projekt abgeschlossen	gesetzliche Stellung in Kraft
<b>Gesundheit, Pflege</b>		
8 Evaluation der Planungskompetenzen im Gesundheitsbereich	Projekt abgeschlossen	keine Evaluation, über eine alternative Umsetzung besteht keine Einigung
9 Evaluation des Bundesgesundheitsministeriums	Projekt abgeschlossen	Evaluation durchgeführt, wegen fehlendem Kenntnisstand Gesundheitsberufung
10 Evaluation des Fonds Gesundheit Österreich	Projekt abgeschlossen	Evaluation präsentiert
11 Regelung von Zuschüssen an gemeinnützige Tagesmutter	Projekt abgeschlossen	Verordnung wurde erlassen
12 Arbeitsgruppe Selektionsverfahren für Ausländerbewerter	Projekt läuft noch	Weiterverfügung vorhandener Anträge in den Zulassungs-Fachgruppen
13 Arbeitsgruppe Bezug von Medikamenten in Pflegeheimen	Projekt läuft noch	Benutzungen abgeschlossen, Umsetzung für 2020 geplant
14 Arbeitsgruppe Medizinprodukte	Projekt abgeschlossen	geringer Handlungsbedarf durch EU-Regulierung, Bedarf kein Haupt-Beruf der Länder identifiziert
15 Evaluation des Schutzes von Arbeitnehmern und Arbeitsstellen in der Pflege	Projekt abgeschlossen	Evaluation durchgeführt, kein Änderungsbedarf festgestellt
16 Qualitätskriterien (Gesundheitsqualitätskriterien)	Projekt läuft noch	Pflegepersonal berücksichtigt, Folgekontrollen durchgeführt
17 Arbeitsgruppe ÖNORMEN im Pflegebereich	Projekt abgeschlossen	keine neuen Normen erarbeitet, aber Einbeziehung in bereits bestehende Normen
18 Mindestanforderungen an Einrichtungen mit der Vollkammerkategorie (ÖNCA)	Projekt abgeschlossen	keine Aktivitäten, Zuständigkeit offen
19 Arbeitsgruppe zu den Dokumentationspflichten im Gesundheits- und Pflegebereich	Projekt abgeschlossen	keine Arbeitsgruppe, Hinweis auf entsprechende geringe Bedeutung und bereits bestehende Aktivitäten durch Finanzministerium
20 Evaluation des Verbraucherschutzgesetzes	Projekt abgeschlossen	Evaluation durchgeführt, kein gesetzlicher Änderungsbedarf festgestellt
21 Evaluation des Heimunternehmensgesetzes	Projekt abgeschlossen	Evaluation durchgeführt, kein gesetzlicher Änderungsbedarf festgestellt

**weitere Reformprojekte und Maßnahmen**

Reformprojekt	Projektfortschritt	Status
22 Evaluation der Aktivität der Heimerwartenden (S 22 Abs. 1 SAC 2007)	Projekt läuft noch	Beginn der Evaluation ab 2022 geplant
23 Umsetzung des Spekulationsverbots	Projekt abgeschlossen	gesetzliche Regelungen in Kraft
24 Vereinfachung der Haftungsregeln	Projekt läuft noch	gesetzliche Regelungen in Kraft
25 Gemeinsame Vorarbeiten zur Vermögens- und Rechnungsabgrenzung 2015 (VAG 2015)	Projekt abgeschlossen	Bearbeitung des Online-Berichtungs- und Bilanzierungsbedarfs für 2020 geplant, alle relevanten Informationen bereits ergründet
26 Transparenzdatenbank im Bereich Umwelt und Energie	Projekt abgeschlossen	Transparenzdatenbank erstellt, Abschlussbericht lag vor
27 Arbeitsgruppe zu ÖNORMEN im sozialen Wohnbau	Projekt abgeschlossen	keine eigene Arbeitsgruppe, aber Einbeziehung in bereits bestehende Normen
28 Anpassung der Art. 13a S-VG Vereinbarung zum Klimaschutz	Projekt abgeschlossen	Art. 13a S-VG Vereinbarung angepasst

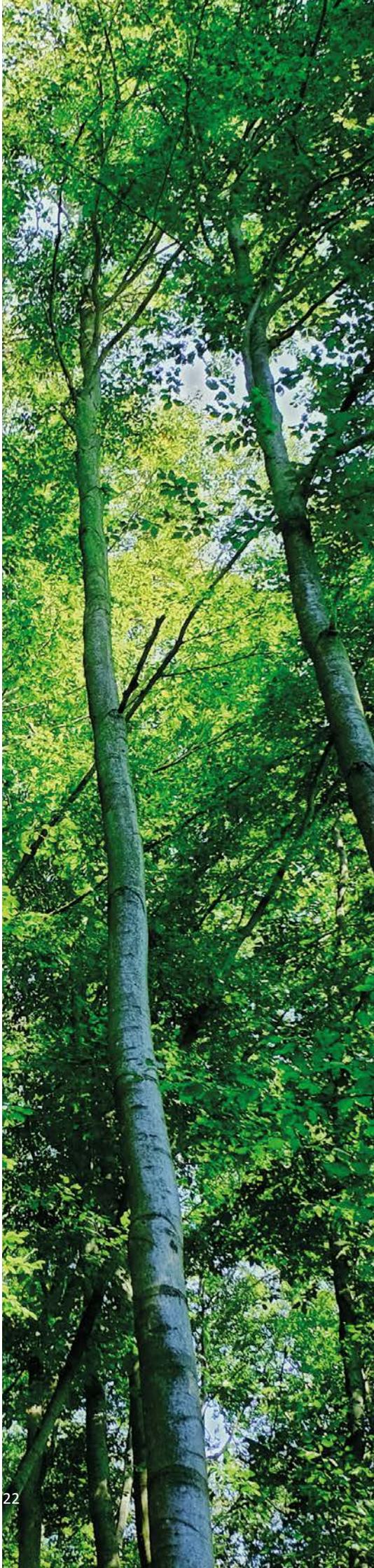
© 20 April 2020  
\* The online accounting and financial reporting handbook was available online in August 2020

According to the ACA's view, agreements on reform projects provide a good opportunity to prepare reforms that aim at ensuring a higher effectiveness and efficiency of public task performance. The auditors, however, note that reform projects that were started without a political agreement on significant issues failed in most of the cases. Another obstacle for the implementation of reform projects is the lack of a clearly allocated project responsibility.

In the agreement, the partners concluded that the implementation of reform projects should be a prerequisite for certain federal benefits. One benefit concerned the one-off payment of EUR 125 million (of which 70% were allocated to the provinces and 30% to the municipalities) to cope with the special expenditure

arising from migration and integration. The payment of the federal funds was effected already from 2017 on, although many reform projects had not been concluded or had not started yet.

Overall, the report shows that 14 reform projects were put on the back burner. The ACA therefore highlighted critically that no consequences had been defined for the non-implementation of a reform project. For the agreement of joint projects, it recommended to the financial equalization partners to define a clear project objective, to formulate criteria for assessing the implementation and to determine a course of action in the case of a non-implementation of a reform project.



### 1.3 CLIMATE PROTECTION: AN IMPORTANT FOCUS OF THE ACA

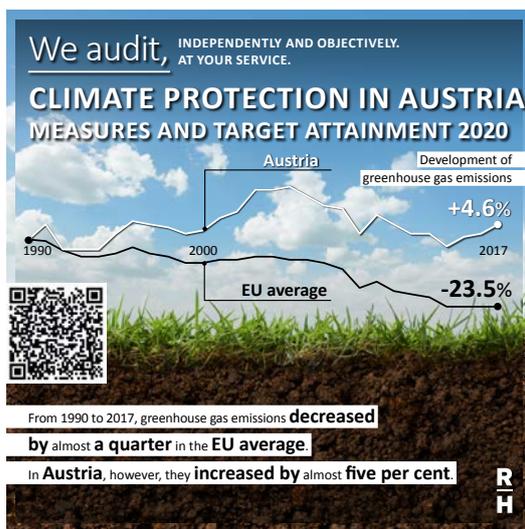
Within the framework of its activities, the ACA focuses on the challenges Austria faces as a result of the climate crisis. As a fact, Austria is particularly affected: according to the Federal Environment Agency (Umweltbundesamt), temperatures have already been exceeding the pre-industrial level by more than 2 degrees Celsius since 2018. The increase was thus about twice as high as the global average. As a consequence, rising temperatures lead to an increased risk of forest fires and natural disasters, such as floods and mudslides.

According to a number of studies, the weather- and climate-related costs of global warming currently amount to an average of EUR 1 billion per year in Austria. By the middle of this century, the societal damage will increase to an average of EUR 4.2 billion to EUR 5.2 billion annually, and if temperatures increase more sharply, even to EUR 8.8 billion. The societal and economic impacts of climate change are thus enormous in Austria.

Both the limitation of greenhouse gas emissions and the adaptation to the changes caused by climate change require public administration to take extensive and diverse measures. The ACA audited these measures with regard to their effectiveness and financing and published several reports on this subject matter in 2021.

The report “Climate Protection in Austria – Measures and Target Attainment 2020” (volume Federation 2021/16) focused on the attainment of the 2020 climate targets as well as on the longer-term 2030 and 2050 targets

at the federal level and in the provinces of Lower Austria and Upper Austria. The ACA found that actions related to climate protection are not centrally coordinated in Austria, which rendered the implementation of effective climate protection measures difficult. The cooperation between the competent federal entities as well as between the federal government and provinces should be improved and adequate processes should be implemented in the interest of establishing an all-encompassing management responsibility for climate protection measures.



Since 2017, Austria has failed to stay on the annual target trajectory for national greenhouse gas emissions. A trend reversal towards a sustainable reduction of emissions has – especially in the transport sector – not been achieved. On the basis of the mandatory measures implemented by the end of 2019, Austria will clearly miss the 2030 and 2050 climate targets. In this case, Austria will have to compensate for the surplus of emissions especially through the purchase of emission certificates. Based on calculations made in the framework of a scientific study, Austria would incur expenses of about EUR 4.6 billion

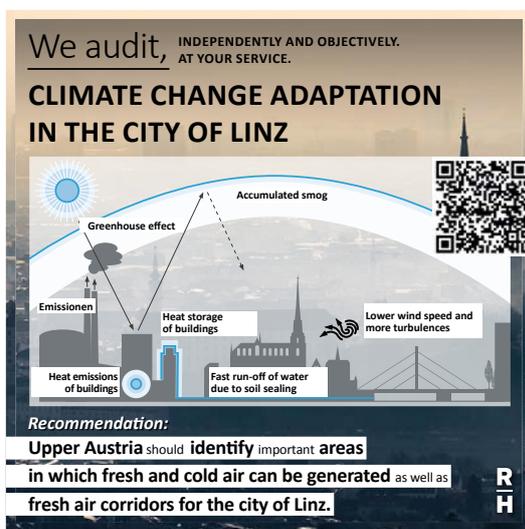
to about EUR 9.2 billion for the purchase of emission certificates in the above-mentioned period, any additional climate protection measures excluded.

The audited local authorities should therefore intensify climate protection measures, especially in those sectors in which greenhouse gas emissions show significant increases, in order to ensure that the national target trajectory for 2030 is adhered to. Furthermore, a timely strategy for the purchase of emission certificates and a regulation based on the polluter-pays principle for the distribution of costs for such a purchase should be developed.

In its report “Climate Change Adaptation in the City of Linz” (volume Upper Austria 2021/5) the ACA outlined the specific challenges faced by cities based on the example of the city of Linz. In summer, the densely built-up and sealed areas absorb more heat during the day than the surroundings and cool down less at night. The development of such “urban heat islands” is exacerbated by climate change and has an adverse effect on the quality of life and the health of the cities’ inhabitants. The report highlighted the importance of spatial planning for mitigating such effects – e.g. by preserving those areas in which fresh and cold air is generated in the areas surrounding the cities, the unsealing of sealed areas or by ensuring the greening of city areas.

The city of Linz had already created the organizational prerequisites for adjustment measures, such as the appointment of a city climatologist and a city climate coordinator, and had commissioned a comprehensive analysis of the city climate. However, it should promptly prepare a climate change adaptation concept with precise measures, imple-

mentation timeframes, responsibilities, cost estimates and their financing. The province of Upper Austria should identify important areas in which fresh and cold air can be generated as well as fresh air corridors for the city of Linz, designate them in the spatial planning programme and protect them through comprehensive bans on building.



Also in other audits the ACA presented the complex interrelations between climate protection and other matters:

The report “Traffic-Borne Air Pollution – Selected Measures to Improve Air Quality” (volumes Federation 2021/7, Styria 2021/1), for example, pointed to the fact that fossil fuels are major sources of both air pollutants and greenhouse gases. The audit focused on the province of Styria and the city of Graz. By improving the air quality, a reduction in greenhouse gases can be achieved as well. The greatest reduction potential for greenhouse gas emissions exists in the transport sector. According to the ACA’s opinion, this potential should be fully exploited in line with the climate protection requirements. Such a

reduction is also very likely to create significant effects for improving the air quality.

In the report “Housing in Vienna” (Wien 2021/2) (volume Vienna 2021/2), the ACA outlined the conflict between the increase in construction costs as a consequence of energy-efficient construction and the actual energy savings owing to the users’ behaviour and presented the development over time of the province’s energy requirements for new buildings against the background of the European requirements of the EU Energy Performance of Buildings Directive.

In the upcoming years, climate protection and adaptation to climate change will continue to require significant actions – both in the area of legislation through corresponding provisions as well as in the area of fiscal incentives (taxation and subsidies) for decarbonization. The ACA will continue to assess the effectiveness of measures in connection with climate protection within the framework of its audits. It will – in line with its new audit priority “Next Generation Austria” – also pay particular attention to their impacts for future generations. To this end, the ACA is also networking in the international audit community. Within the framework of the EUROSAI Working Group on Environmental Auditing, it regularly exchanges information on this topic with European colleagues of other Supreme Audit Institutions. It presented, for example, its report “Climate Protection in Austria – Measures and Target Attainment 2020” (volume Federation 2021/16), in the EUROSAI Project Group “Preparing for future risks and climate crisis: Time for audit to take a long-term view?”



## 1.4 HEALTH IS THE GREATEST WEALTH

The subject of health was, and still is, a central issue when it comes to the audits performed by the ACA.

In 2021, the ACA submitted two reports that concerned the medical area. Both reports were based on a decision made by the National Council, which had tasked the ACA with the following special audits: “Medical Training” (volume Federation 2021/42) and “Medical Care in the Independent Healthcare Sector” (volume Federation 2021/30). The audits were carried out in particular against the backdrop of the public discussions about a shortage of physicians and possible supply shortages, which have repeatedly flared up in the recent years.

The reports focused, on the one hand, on medical training – starting from medical studies up to the obtaining of the independent general medical license – in the areas of general medicine, psychiatry (children, adolescents and adults) as well as paediatrics and adolescent medicine, and, on the other hand, on the framework conditions for medical services that were provided in the independent healthcare sector and were funded by public health insurance, with the focus on physician density, remuneration in the area of general medicine and legal provisions.

The admission restrictions to medical studies, which have been in place at public medical universities since the academic year 2005/06, have started to affect the number of graduates from the academic year 2011/11 on: the number of graduates amounting to 1,269 (annual average of the academic years 2011/12 to 2018/19) was down by 19% compared to the

average of the academic years 2000/01 to 2010/11 (1,576). In contrast, the number of physicians in Austria increased from a total of about 38,300 to about 47,200 (+23%) from 2009 to 2020.

Of the total of about 47,200 physicians, some 18,100 were working exclusively as employed physicians. In the independent healthcare sector, some 8,100 physicians had a contract with the public health insurance providers, and about 10,000 physicians had an independent, non-funded surgery. Of the 13,400 general practitioners, some 5,500 were working exclusively as employed physicians, and about 4,050 had a contract with the public health insurance providers.

### MEDICAL TRAINING

The medical training in Austria was shaped by a high number of involved entities – such as the Federal Ministry of Education, Science and Research, medical universities, the Federal Ministry of Health, hospitals and the Austrian Medical Chamber – and a total duration of at least at least nine and a half years for general medicine or twelve years for a special subject. As regards the cooperation between the above-mentioned entities, the ACA saw room for improvement.



Major changes were initiated by the comprehensive reform of medical training in 2014/15 (such as the introduction of basic training, the extension of general medical training from 36 to 42 months including a compulsory study practice in the independent healthcare sector) as well as an amendment to the Act on the Medical Profession (Ärztegesetz) in summer 2021 (with a shift of responsibility from the Austrian Medical Chamber to the provincial governors as of 2023).

An analysis of the career path embarked upon by medical students after their graduation to obtain their independent general medical license revealed the following:

- During the academic years 2008/09 to 2018/19, an average of only 70% of graduates from Austrian medical universities were subsequently working in the medical profession in Austria. Owing to the inflow of medical graduates from universities abroad, the gap could be reduced to 20%. According to the ACA's opinion, adequate measures should be taken to boost the training of physicians and the professional activity of medical graduates in Austria.
- While the number of (specialized) foundation doctors increased, the number of foundation doctors decreased in the area of general medicine by 33% in the period of 2016 to 2020. Only about a third received an independent general medical license within the minimum period of 42 months, and many switched to a specialized medical training during or after their general medical training. This was in conflict with the aim of the 2014/15 medical training reform to render general medical training more appealing. The needs analyses for general medical training capacities were based on the estimated

retirements. This forecast method, however, lacked accuracy.

- In the audited special subjects, the number of foundation doctors in child and adolescent psychiatry increased markedly by 44%, and in paediatrics and adolescent medicine by 22% from 2016 to 2020. However, the field of adult psychiatry saw only a slight increase (2%). In these three special subjects many training positions remained unfilled. Due to the lack of comprehensive needs assessments and forecasts, it remained unclear whether the number of training places that were filled or could be filled was sufficient to ensure a sustainable supply and to prevent possible supply bottlenecks.

### MEDICAL CARE IN THE INDEPENDENT HEALTHCARE SECTOR

The key figures collected on a routine basis for the analysis of physician density – such as the number of physicians or filled posts – were inadequate to give a valid overview of the medical services available, in particular as they fail to sufficiently take into account opening hours. Across the country, it could be observed that in the period of 2009 to 2019 the use of services in the area of general medicine increased by 6% – in parallel with an increase in population also by 6%. This increase came with an almost unchanged number of physicians under contract with the Austrian Health Insurance Fund (contract physicians), but with 6% fewer contracts – presumably due to an increased use of group surgeries. As a result, the utilization rate per filled post rose by 11%. An increased rendering of medical services could also be ascertained among the medical specialists.

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## MEDICAL CARE IN THE INDEPENDENT HEALTHCARE SECTOR

*Facts:*

- The percentage of unfilled posts was at some 4.6 per cent.
- The measures taken to address the unfilled posts were inconsistent.
- A cross-sectoral, nationwide monitoring of the opening times is lacking.
- The objective of establishing 75 primary care facilities by end-2021 is unlikely to be achieved.

RH

In end-2019, the number of vacant posts funded by the Austrian Health Insurance Fund was at some 330 (4.6% of the health insurance fund posts, of which, for example, 2% were kept vacant for primary care facilities). The proportion of unfilled posts was per se not a suitable indicator for supply problems as the supply situation was influenced by many factors and, for example, physician density in regions with unfilled posts was sometimes above average. Conversely, supply problems could also occur with occupied posts. This was also due to the fact that throughout Austria there was neither a monitoring of waiting times nor a corresponding waiting time management.

The level of remuneration of general practitioners was largely regulated in agreements between the health insurance providers as self-governance bodies and the competent medical chamber. An analysis carried out by the Institute for Advanced Studies showed that in 2015 general practitioners under contract with the Austrian Health Insurance Fund earned a median income of around EUR 130,000 per year. This amount was higher than the median income of physicians working at hospitals or in independent surgeries.

However, the health insurance providers largely lacked transparency about the working hours and the costs incurred for surgeries.

Although the Austrian Healthcare Structure Plan (Österreichischer Strukturplan Gesundheit) defined indicative targets for the planning of medical services, they were neither sufficiently differentiated at the regional level nor were they based on healthcare targets. The Regional Healthcare Structure Plans of the provinces, too, specified the targets only partially. The planning left open whether additional posts were necessary for the planned expansion of medical services or whether a higher utilization rate was sufficient.

In December 2019, only 16 of the 75 primary care facilities to be established by end-2021 had been implemented. No comprehensive concept for change management had been prepared and incentives to switch to the new care structure were lacking. The ACA therefore recommended to develop a strategy to promote primary care networks, to attract new contractual partners and to implement the remuneration targets.

In particular, the ACA recommended a reform of the legal framework conditions for the organization of medical services in the independent healthcare sector (especially a stronger binding nature of planning), the further development of outpatient care planning in the framework of the Austrian Healthcare Structure Plan (while ensuring the necessary data basis for this) and regular reporting by the Austrian Health Insurance Fund on the quantitative and qualitative fulfilment of its care tasks. Another central recommendation concerned the further development of the medical staffing plans (in particular with the

aim of comparing the planned and actually filled posts).

## CONCLUSION

It cannot be assessed in a conclusive or transparent manner whether there is a shortage of physicians in Austria's independent healthcare sector and whether the medical training in Austria can ensure a supply of physicians in line with demand. The reasons for this are incomplete data, non-binding planning foundations, imprecise or no comprehensive demand forecasts and the lack of supply targets.

In recent years, there have been changes and further developments in the area of medical training, such as the 2014/15 medical training reform, and others are planned, such as the "NEW Medical Training with a Focus on General Medicine" ("Ärzteausbildung NEU mit Fokus Allgemeinmedizin") agreed in the Government Programme 2020-2024. However, in order to ensure an optimal structure and course of medical training as well as a demand-oriented next generation of physicians, further measures are necessary.

Lastly, taking into account the high public expenditure in the independent healthcare sector – the regional health insurance funds paid around EUR 3.8 billion for medical care and equivalent services in this area in 2019 – the ACA noted once again that the effectiveness of medical care in certain areas of the Austrian healthcare system must be planned and managed in a targeted manner. The development of effective qualitative healthcare available to all citizens remains therefore an important concern for the ACA.

## 1.5 POLITICAL PARTIES ACT AND AUDIT BY THE ACA

Again and again, the ACA called for a reform of the Political Parties Act. Already in 2015, it had highlighted that its role is largely limited to the receipt, formal examination and publication of the information contained in the statements of accounts, therefore not comprising any genuine audit rights. Consequently, a significant objective of the Political Parties Act 2012, namely the establishment of full transparency with regard to the financing of parties and their oversight, was not achieved.

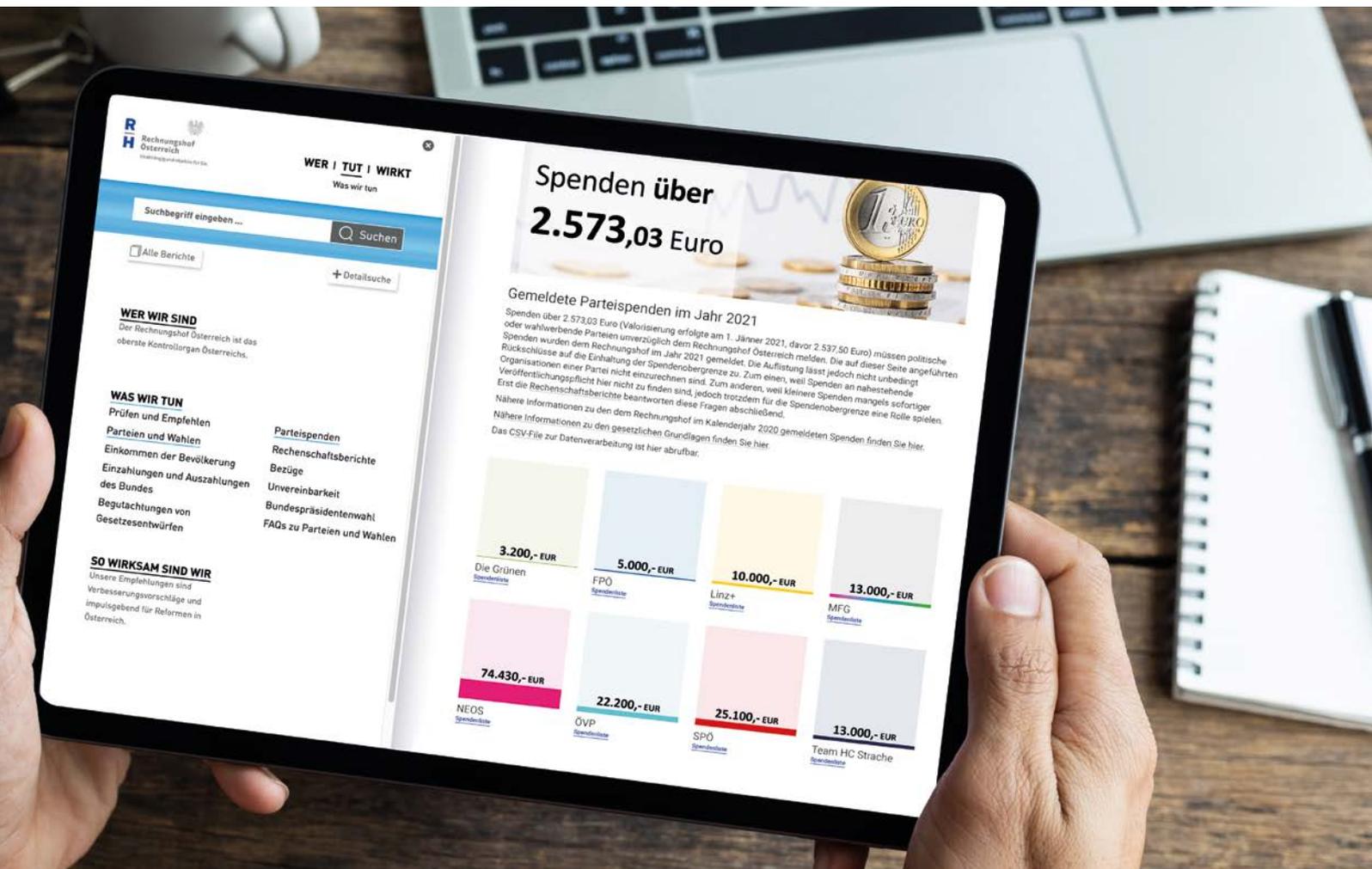
## PUBLICATION OF REPORTS ON DONATIONS

In July 2019, the National Council adopted an amendment to the Political Parties Act. The central points concerned the prohibition of large donations and the tightening of fines in the event that the upper limit for election campaign expenses is exceeded. The amendment did not provide for a more in-depth audit by the ACA.

However, the administrative tasks of the ACA were expanded. An immediate obligation to report donations over EUR 2,500 (over EUR 2,573.03 as of 1 January 2021) and their immediate publication, indicating the donor's name, on the ACA's website have been introduced.



In 2021, eight parties reported a total of 31 donations (as at 17 December 2021).



In addition, the ACA has to take over donations that are impermissible according to the Political Parties Act. Such donations shall be forwarded to the ACA by the respective political party. The ACA, in turn, has to safekeep such donations and pass them on to charitable or scientific institutions.

In 2021, the ACA received an impermissible donation amounting to EUR 492.50 from the Social Democratic Party of Austria (SPÖ) as the donation limit for anonymous donations (EUR 507.50 as of 1 January 2020) had been exceeded. Furthermore, the Austrian People's Party (ÖVP) transferred two impermissible donations of EUR 2,087.00 and EUR 3,333.33 to the ACA, which had been made by the ÖVP Salzburg provincial parliamentary group in the framework of the elections to the provincial parliament in April 2018.

#### DRAFT LEGISLATION BY THE ACA TO REFORM THE POLITICAL PARTIES ACT

In order to increase the transparency of political party financing, the ACA calls for genuine audit rights, the concrete definition of the permitted designated use of public funding of political parties, the detailed disclosure of such funding in the statements of accounts, the obligatory documentation of the – clearly defined – election campaign expenses, an obligatory list of affiliated organizations and their evaluation with regard to their de facto affiliation to the party.

The current Government Programme 2020-2024 envisages the strengthening of the ACA's audit rights. President Kraker welcomed these plans: their implementation would meet important demands of the ACA. More audit rights for the ACA equal more transparency in the interest of the taxpayers.

In September 2021, the President reaffirmed the ACA's demand to obtain genuine audit rights in relation to party finances. She announced a corresponding draft legislation by the ACA.



In October 2021, the ACA published its draft legislation to reform the Political Parties Act. Of the approximately 50 proposed amendments to the Political Parties Act and the Support of Political Parties Act 2012, the following major innovations, which would lead to a considerable improvement in oversight and transparency, are highlighted:

- Right of the ACA to carry out an on-site audit at the political parties' premises during the assessment of the statements of accounts if the comment provided by the political party upon the ACA's request proves to be insufficient
- Right to carry out an audit to ascertain whether the funds have been used in accordance with the Support of Political Parties Act 2012
- Presentation of the political party's financial situation by means of a balance sheet at the federal level and simplified balance sheets at the level of certain branches
- Obligatory list of affiliated organizations
- Definition of "affiliated organization" according to the de facto characteristics of support and the party political cooperation
- Advance report on the election campaign expenses, mandatory overview and breakdown of the financing of election campaign expenses
- Improved informative value of the donor, sponsorship and advertisement lists
- Definition of "advertisement" with regard to its validity for "political party newspapers"
- Extension of the prohibition of accepting donations to all affiliated companies
- Prohibition of accepting sponsorship by parliamentary groups, educational institutions of political parties and public-law entities
- Conclusive where-used lists for funds obtained for political party support
- Obligation to repay political party funding in case of misappropriation and after dissolution of the party
- Prohibition of paying monetary fines imposed by the Independent Political Parties Transparency Panel with funds obtained for political party support
- Limitation of accountability to political parties that have received political party funding in accordance with the Support of Political Parties Act and to political parties that are only represented in individual provincial parliaments and have received political party funding in accordance with a provincial legislation
- Abolishment of the survey regarding legal transactions with affiliated companies
- Expansion of the sanction system, for example as regards election campaign expenses, the non-submission of the statement of accounts and certain indications provided in the initial version of the statement of accounts

This draft is to provide a basis for discussion for the parties and could thus accelerate the implementation of this necessary reform. It is up to the parties represented in the National Council to generate the necessary political will to initiate an amendment to the Political Parties Act. With the draft, the ACA has assumed its advisory function, especially since it is tasked with examining the parties' statements of accounts and has to publish them on its website.

## EXAMINATION AND PUBLICATION OF THE STATEMENTS OF ACCOUNTS

One of the ACA's tasks pursuant to the Political Parties Act is to examine and publish the statements of accounts submitted by the political parties. In 2021, the ACA carried out the stipulated formal examination of the seven statements of accounts that had been submitted by the political parties – including all parties represented in the National Council in 2020 – concerning 2019.

This formal examination contained, among others, checks with regard to possible impermissible donations and the verification of the correctness of the list of affiliated companies. Furthermore, the ACA requested the parties to submit a comment if the statement of accounts raised questions or in the case of indications – e.g. in the form of publicly available information – that the information provided in the statement of accounts might be incomplete or incorrect. After the formal examination, it published the statements of accounts on its website. The examination of the ÖVP's 2019 statement of accounts was still ongoing due to its late submission by the party as well as the extensive surveys that had to be carried out on the election campaign expenses, on the non-territorial branches to be newly reported in the statement of accounts since 2019 and on the studies, surveys and advertisements commissioned by the Federal Ministry of Finance.

Due to existing and assumed violations of the Political Parties Act, the ACA submitted notifications to the Independent Political Parties Transparency Panel regarding the 2019 statements of accounts of the Social Democratic Party of Austria (SPÖ) and the Freedom Party of Austria (FPÖ):

The notifications regarding the SPÖ's 2019 statement of accounts concerned

- the impermissible donation made by the SPÖ parliamentary group for payable advertisements with the party's chairwoman on Facebook amounting to a total of EUR 3,155 in the period from April 2019 to June 2019,
- an inheritance of a house including property, which the SPÖ had received and sold for EUR 580,000 in 2021,
- advertisements of the trade union placed in the magazine "FSG Direkt", which were not disclosed in the statement of accounts and were partly inadmissible due to the amount paid for them,
- various municipalities that have made premises available to the SPÖ free of charge or at a non-market price,
- a municipality that could have used representation funds to cover the costs of celebrations of the SPÖ and of SPÖ-affiliated organizations, and
- once again a non-market-compatible low rent of a plot of land at Lake Attersee in Upper Austria by the association "Social Democratic Party of Austria – Socialist Youth" ("Sozialdemokratische Partei Österreichs – Sozialistische Jugend").

The notifications regarding the FPÖ's 2019 statement of accounts concerned

- a possible impermissible donation or a possible lack of completeness as regards the list of donations in connection with advertisements for the European election,
- a possible non-disclosure of advertisements of the Freedom Party's community council group for the municipal representation and mayoral elections in Salzburg, and
- once again the partial payment of staff members who worked for the FPÖ's accounting department by the Political Academy of the Freedom Party of Austria.

Based on the ACA's notifications on the statements of accounts for the period of 2013 to 2018, the Independent Political Parties Transparency Panel imposed fines totalling EUR 2.96 million, of which some EUR 2.18 million were due to the fact that the spending limit placed on election campaign expenses had been exceeded.

Each political party had to submit its statement of accounts, including the lists of donations, sponsorship agreements, advertisements and affiliated companies, to the ACA by 30 September of the following year. Consequently, the following five parties presented their statement of accounts by the cut-off date of 30 September 2021:

- Bürgerforum Tirol – Liste Fritz
- The Freedom Party of Austria
- The Greens – The Green Alternative

- NEOS – Das Neue Österreich und Liberales Forum (NEOS – The New Austria and Liberal Forum)
- The Social Democratic Party of Austria

Upon a justified request of the political party, the ACA can extend the deadline for the submission of the statement of accounts by up to four weeks. The ÖVP had requested such an extension, which was granted by the ACA to the party. The ÖVP submitted the 2020 statement of accounts on 17 December 2021. The 2019 statement of accounts of the party "Liste Pilz" was not submitted in 2021 either. The Communist Party of Austria (KPÖ) has, up to date, always failed to submit its statement of accounts to the ACA.

Another special task, which is resource intensive for the ACA, is the survey regarding legal transactions with companies in which political parties or other organizations affiliated to them hold at least 5% directly or 10% indirectly. For 2019, the resources deployed by the ACA for this task equalled some 110 working days rendered by one staff member.

The ACA surveys all legal entities (around 6,000) that are subject to its audits whether such transactions with affiliated companies had been carried out and, if yes, to which amount. This information is, similarly to the political parties' statements of account, published on the ACA's website. For 2019, 493 legal entities reported transactions with 72 of overall 75 companies affiliated to political parties.

## 1.6 FURTHER AUDIT GAPS

It is not only in the audit of political party funding that the ACA is waiting for a legal regulation. There are other gaps in the audit landscape, for example as regards companies in which the public sector holds at least 25%, non-profit building associations or tourism associations. In addition, inconsistent legal bases have been established for university companies (see chapter 4.3 “Selected Comments”), which would have to be harmonized in the case of an extension of the ACA’s audit remit to companies in which the state holds at least 25%.

### **PUBLIC COMPANIES IN WHICH THE PUBLIC SECTOR HOLDS AT LEAST 25%**

“Extending the ACA’s audit remit also to companies in which the state holds a share of 25% or more, except for listed companies”. This is stipulated in the current Government Programme 2020-2024. The draft of the Freedom of Information Package (Informationsfreiheitspaket) of March 2021 provides for the implementation of the above-mentioned extension of the ACA’s audit remit, and the ACA submitted a comprehensive statement on this draft – see chapter 4.3 “Selected Comments”. By end-2021, a legal decision had not yet been made.

In connection with the envisaged extension of the ACA’s audit remit, it is often argued that accountants would nonetheless audit the same subject matters as the ACA. This holds true only superficially. The accountant’s audit topic is predetermined by law or by the audit mandate. Unlike the ACA, accountants cannot determine the subject matter of their audits themselves. Furthermore, while the accountants focus primarily on financial statements, the ACA audits every issue pertaining to public financial management. Furthermore, typical questions

of public auditing are not central to the accountants’ work: the ACA, for example, audits the management of public companies, which should be carried out without any interference of the owner, and it looks into the economic efficiency of public companies and their contribution to the provision of public services or to state revenue. Other relevant audit topics of the ACA concern also the design of contracts, the remuneration of executives, incompatibilities, conflicts of interest and compliance issues, which often only become apparent when assessed in a multi-year perspective.

The ACA does not only have considerable expertise in auditing companies – with its audits, it also provides a broader picture. Moreover, it creates transparency as its reports are publicly accessible.

### **EXAMPLE OF A COMPANY-RELATED AUDIT: THE TIWAG GROUP**

The report “TIWAG–Tiroler Wasserkraft AG and Join-Venture Power Plant Inn” (volume Tyrol 2021/2) published in 2021 illustrates what the ACA’s company-related audits can bring to light: On average, from 2015 to 2019, the Austrian electricity provider TIWAG Group generated EUR 1.2 billion per year in sales revenue. TIWAG has about 1,250 staff members. Measured by the amount of dividend distributions and capitalization, the ACA thus took a close look at the most important public company of Tyrol. TIWAG is wholly owned by the province.

In its report, the ACA revealed the proximity between provincial politics, provincial businesses and the economy: At the time of the audit, the province of Tyrol held a total of 34 direct and 118 indirect equity interests – in

particular in the area of public services such as health care, infrastructure, culture, housing and transport. In almost a quarter of the direct equity interests, members of the provincial government or the provincial parliament had been appointed as supervisory board members. In exercising their political responsibilities, they had to balance various interests. However, in their capacity as supervisory board members they were obliged to act only in the interest of the company. The chairman of the TIWAG supervisory board was entrepreneur, board member of the Federation of Austrian Industries Tyrol and representative of the industry sector at the Economic Chamber Tyrol; his first deputy chairwoman was member of the provincial government of Tyrol, his second deputy chairman was vice president of the Economic Chamber Tyrol and advisory board member of the Federation of Austrian Industries Tyrol.

These conflicting relations have an impact on the group as follows: Pursuant to the Austrian Stock Corporation Act (Aktiengesetz), the board of directors should exercise management independently and without instructions, and the company's best interests should take priority. Nevertheless, TIWAG made an important contribution to the Economic Stimulus Package established based on the interests of the province: for the Tyrolean incentive package and upon the owner's request, TIWAG paid a dividend of EUR 20 million in 2016 and 2018 respectively. Investments in infrastructure amounting to EUR 25 million were brought forward. At the owner's request, namely the province, an electricity price reduction also turned out to be higher than planned by the board of directors and affected the 2016 annual result 2016 with EUR 18.6 million. The main beneficiaries were the trade and the industrial sectors.

Already for 2011, TIWAG paid a special dividend of EUR 230 million. The provincial governor in his capacity as the owner representative justified this with a preemptive distribution of dividends until 2017. EUR 220 million were used for the distressed HYPO TIROL BANK AG. Although, as promised, no dividends were distributed for a total of six years (with shifts), considerable sums were distributed in individual years. From 2012 to 2019, a total of EUR 62 million was paid. The payments of the years 2012 and 2016 to 2019 could not be financed by the group itself.



The chair of the TIWAG supervisory board held several functions as managing director and shareholder in a business group that produced construction materials and binders. The business group was also supplier to the construction contractor commissioned directly by the Gemeinschaftskraftwerk Inn GmbH with the construction of the joint-venture power plant. From the ACA's viewpoint, the "apprehension of bias", as defined in the Austrian Stock Corporation Act, could not be fully invalidated. The minutes of the supervisory board did not contain any questions regarding a possible conflict of interests of the supervisory board chair.

#### EXAMPLE OF A COMPANY-RELATED AUDIT: VIENNA AIRPORT

In November 2021, the ACA published the reports on its last two audits of the Vienna Airport: “Vienna Airport – Reconstruction and Extension of Terminal 3” (volumes Lower Austria 2021/11, Vienna 2021/11, Federation 2021/41) and “Vienna Airport – Maintenance” (volumes Lower Austria 2021/12, Vienna 2021/12). According to the decision of the Austrian Constitutional Court, the Vienna Airport had ceased to fall within the ACA’s audit remit as of 1 June 2017.

The report “Vienna Airport – Reconstruction and Extension of Terminal 3” revealed that after the commissioning of Terminal 3 – formerly known as “Skylink” – at the Vienna Airport in June 2012, initial feedback from users and customers had prompted project adjustments and reconstruction projects as early as from October 2012 on. The guidance system, for example, was fundamentally redesigned by the Vienna Airport.

With the terminal development and the south extension of Terminal 3, the Vienna Airport aimed in particular to provide, in a timely manner, the necessary capacities for operating the terminal, to centralize operational functions, to optimize the transfer services and to establish high-quality retail and food-service areas. The overall costs estimated in March 2016 amounted to more than EUR 300 million.

As the Vienna Airport ceased to fall within the ACA’s audit remit on 31 May 2017, the ACA was unable to assess the further management of the Terminal 3 south extension project. In particular, it was not able to ascertain whether the budget forecast of almost EUR 27 million

was adhered to or how the general planning services that were subjected to a public procurement procedure in May 2017 were ultimately contracted and how further contract procedures were processed – especially as regards the framework agreement for the realization of the Terminal 3 south extension project with a total value of EUR 350 million.

In its report “Vienna Airport – Maintenance”, the ACA noted that malversations had occurred at the Vienna Airport Infrastruktur Maintenance GmbH in connection with the awarding of contracts to personnel service providers, theft, works in private homes and the withholding of sales proceeds. After becoming aware of the above-mentioned irregularities, the Vienna Airport commissioned the internal audit department with an examination and immediately informed the investigating authorities. The final amount of damages and the amount of compensation payments had not been determined by the end of the audit as not all legal proceedings had been concluded. In the area of building services of the Technical Services Division, malversations also occurred due to the withholding of sales proceeds and unjustified rewards in the company suggestion scheme.

As the Vienna Airport and its subsidiaries have ceased to be an audit subject of the ACA as of 1 June 2017, the ACA could neither assess nor ascertain

- which economic developments in the area of maintenance – such as synergy effects and savings – have occurred after 31 May 2017,

- the impact of the measures that had been implemented by the Vienna Airport in the audited period – e.g. in the course of reorganizing maintenance and reforming business processes such as the management control and internal control system – in the wake of the malversations that had occurred, and
- which maintenance measures the Vienna Airport and the Vienna Airport Technik GmbH had taken after 31 May 2017.



Find the report  
[“Vienna Airport – Reconstruction  
and Extension of Terminal 3”](#)  
here:



Find the report  
[“Vienna Airport – Maintenance”](#)  
here:



## TOURISM ASSOCIATIONS

By virtue of the Constitution and the Court of Audit Act (Rechnungshofgesetz), the ACA is responsible for auditing the financial management of the entire state economy. Against the backdrop of this comprehensive audit mandate, the ACA has time and again pointed to spaces free of oversight. There should be no spaces free of oversight in which the public sector acts in a financially effective but uncontrolled manner. One example of such a space could be tourism associations, which play a key role in Austria in particular with regard to the development of tourism.

There are no less than 285 tourism associations in the whole of Austria. It is estimated that they manage an estimated total of EUR 360 million per year. This estimate does not take into account additional income from the tourism associations' economic activities, such as holding interests in companies.

As a rule, tourism associations are bodies governed by public law. Since they fulfil public duties, they operate in the public sphere. Tourism associations receive funds from the provinces and municipalities, collect membership fees from compulsory members and have access to other types of funds. Thus, they are first and foremost financed by funds provided for by provincial legislation. Even though these funds are not included in the provincial financial management, they can indirectly be considered as “public funds” in terms of their function. In addition, tourism associations are subject to oversight by the provinces.

According to a legal expert opinion commissioned by the ACA on the “Audit competence of the ACA regarding tourism associations”, an audit gap in external public auditing can be perceived with regard to tourism associations. The ACA now points to this gap and is of the opinion that it should be closed.

In particular, the expert opinion encourages the constitutional legislator to initiate a legal policy initiative. The aim of such an initiative should be to amend the existing regulations concerning the audit of bodies governed by public law in such a way that tourism associations – analogous to municipal associations, such as water boards – are included without a doubt in the ACA’s external public audit mandate. In the ACA’s opinion, such an initiative would be a necessary step towards a comprehensive oversight in the area of tourism.

**AUDIT OF THE MANAGEMENT OF SUBSIDIES UNDER THE SUBSIDIES FOR HAIL INSURANCE ACT**

In its report “Public Risk Management for Agriculture” (volume Federation 2020/43), the ACA found that the management of subsidies for insurance premiums under the Subsidies for Hail Insurance Act (Hagelversicherungs-Förderungsgesetz) differed from other subsidies in agriculture. This was due to the fact that the Austrian Hail Insurance as the processing entity assumed not only the tasks of a funding entity but also those of a funding beneficiary. In its report, the ACA furthermore noted that the Subsidies for Hail Insurance Act did not provide any rights for the ACA to audit the processing of subsidies. During the audit, the subsidies totalled EUR 62.07 million.

The ACA therefore recommend to encourage, in case of an amendment of the Subsidies for Hail Insurance Act, the inclusion of a provision that unmistakably enables the ACA to audit the processing of the subsidies by the processing entities. The Environmental Subsidies Act (Umweltförderungsgesetz; Federal Law Gazette 185/1993) provided the ACA with a comparable audit remit for the Kommunalkredit Public Consulting GmbH as a processing entity with regard to its activities concerning the processing of subsidies.



## 1.7 AUDIT PRIORITY “BENEFIT FOR CITIZENS”

In the past four years, the ACA has been focusing its audits increasingly on the added value created for citizens. Accordingly, its audit priority was defined as follows: “quality of public-sector service provision: benefit for citizens, cost optimization and a modern-day delivery of tasks”. In the light of this priority, the ACA has assessed how the state safeguards or increases the citizens’ quality of life in accordance with the Sustainable Development Goals laid down in the United Nations 2030 Agenda. For the ACA, it is of central importance to ascertain how the budgetary funds are used: is the public sector using money in a cost-optimized, transparent and effective manner or can the use of public funds be improved for citizens?

However, during its audits the ACA also shed light on the question of whether the state plans on the long-term and with foresight and whether it is able to identify emerging challenges early on and to respond accordingly. Informed decision-making necessitates evidence and realistic considerations on the costs and benefits of measures. Eventually, high-quality services rendered by the state are to safeguard confidence in the rule of law and in democracy.

Moreover, the reports published by the ACA in 2021 in line with its audit priority concerning the benefit for citizens cover once again a wide range of issues, starting from the support provided for children up to public administration, such as the fight against cybercrime, through to health, environment and climate protection.

Children are the future of society. The ACA has therefore repeatedly addressed issues related to the care for and education of children. Learning the German language at a very early age is a key corner stone for a successful start to school. As places that provide early language support, kindergartens are therefore essential for sustained educational success. In its audit report on “Early Language Support in Kindergartens” (volumes Federation 2021/20, Lower Austria 2021/6, Upper Austria 2021/3), the ACA revealed numerous differences. For example, the concepts for language skill promotion and the framework conditions differ in the audited provinces of Lower and Upper Austria.



In order to improve equal opportunities for all children and to reduce the use of resources needed for the promotion of the German language in primary schools, it is in the interest of the Federal Government to reduce the number of children who do not have sufficient command of the German language when entering school. In addition to the everyday support provided in kindergartens to learn the German

language, the provinces should take further measurable action for language promotion. For the audited period, however, the Federal Government had not issued any concrete specifications. Differences could be observed both as regards the design as well as the extent of language promotion as offered in the provinces of Lower Austria and Upper Austria. While German language support tended to be integrated into the children's everyday lives in Lower Austria, Upper Austria put an increased focus on individual, systematic German language support in small groups. Only the frequency of language support was similar. The ACA therefore recommended to the Federal Ministry of Education, Science and Research to consider the further development of early language support in consultation with the provinces and further linguistic experts. Such a discussion should be initiated in order to bring about an agreement on nationwide uniform criteria in early language support.

In the past years, kindergartens have not only extended their childcare services, but have also increasingly evolved into educational institutions. The ACA pointed to the differing framework conditions in the provinces – both for the kindergarten staff as well as for children and their families. These differences, such as opening times, regulations concerning group sizes, staffing or hygiene, e.g. the mandatory use of masks or the drop-off of children, have become especially evident during the COVID-19 pandemic. The ACA recommended to the Federal Ministry of Education, Science and Research and the provinces to review the different framework conditions in order to support the further evolution of kindergartens into educational institutions.

Citizens attach great importance to the topic of security. In particular since the onset of the COVID-19 pandemic, conventional crime has declined in Austria. In contrast, cybercrime has been constantly on the rise since spring 2020. The ACA audited “The Prevention of and Fight against Cybercrime” (Federation 2021/23) and pointed to the continuously increasing costs and damage created by this form of crime.



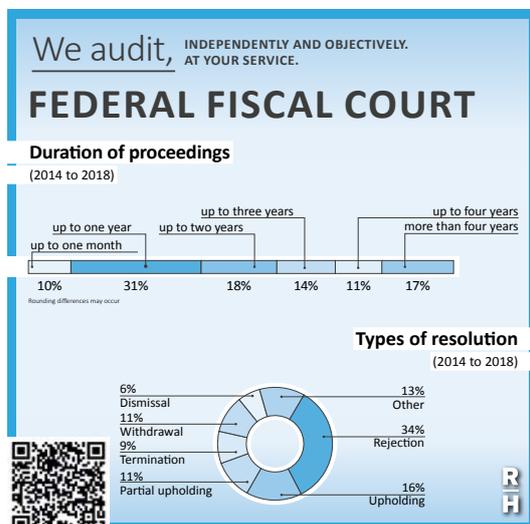
The ACA criticized that no uniform terms have been defined and coordinated between the Federal Ministry of the Interior and the Federal Ministry of Justice for the area of cybercrime. Differing terms such as cybercrime or internet crime render it difficult to adopt a coordinated approach to the fight against cybercrime. Furthermore, neither the Federal Ministry of the Interior nor the Federal Ministry of Justice recorded criminal offences of incitement in social media committed under the term “online hate speech” as cybercrime. The ACA therefore recommended to the Federal Ministry of the Interior and the Federal Ministry of Justice to jointly define those offences that are covered under the term cybercrime in order to collect

and present comparable figures and to be able to take effective control measures. Furthermore, framework conditions for a modern human resources management should be established. Such framework conditions should ensure that all organizational units that are concerned with the fight against cybercrime have adequate staff with the necessary IT skills at their disposal.

During its audit of the “Federal Fiscal Court” (volume Federation 2021/1) the ACA discovered large backlogs of case files. In end-2018, for example, a total of 30,343 cases had not been closed. In 2014, the tasks of the Independent Fiscal Tribunal were assigned to the newly established Federal Fiscal Court, which was to provide effective legal certainty with an adequate duration of proceedings in all matters of public charges and fiscal criminal law. However, this objective could not be attained as 28% of the appeal procedures lasted more than three years, 17% even more than four years. Moreover, the duration of proceedings at the Federal Fiscal Court had even increased compared to the Independent Fiscal Tribunal. As a result, tax revenue cannot be generated as the collection of taxes is suspended.

The level of administrative support available for judges at the Federal Fiscal Court was comparatively low. While four judges at the Federal Fiscal Court are supported by one administrative staff member, one and a half administrative staff members are available for one judge at the Federal Administrative Court. The ACA recommended to the Federal Fiscal Court to take effective measures to reduce the backlogs that have existed for years, especially in the area of taxes and allowances, and to prevent new backlogs from arising.

The audit “Urban Development and Urban Planning in Bregenz” (volume Vorarlberg 2021/1) focused, among others, on two large-scale, central urban development projects in the province of Vorarlberg – the Seestadt area (9,000 square metres) and the Seequartier area (19,000 square metres) between the city centre and Lake Constance in close proximity to the train station. Both projects were carried out by private businesses.



The city of Bregenz participated in the corresponding architecture competitions and involved its design advisory board in the projects. It informed and involved citizens in

particular in the master planning phase, after which it had carried out only two public information events in 2013 and 2014.

The ACA criticized that the city of Bregenz failed to ensure actual citizen participation in the sense of co-design during the above-mentioned period. It therefore recommended that the city should take measures to ensure adequate participation and information of citizens throughout the entire duration of urban development projects.

The adequate supply of food is a central issue for citizens. In its report “Reducing Food Waste – Implementation of SDG Target 12.3 of the 2030 Agenda” (volume 2021/19) the ACA outlined that 790,790 tons of preventable food waste are generated in Austria per year, of which private households account for the largest part of 206,990 tons. In the food service and catering sector 175,000 tons of preventable food waste end up in the garbage bin. With 120,000 tons, the trade sector generates the lowest amount of preventable food waste of all sectors. These figures, however, provide only an “approximate overview” due to the fact that the data were collected at different points in time: those concerning the private sector, for example, in 2012 and those with regard to food services and catering in 2015.

The ACA therefore recommended to the Federal Ministry for Climate Action to collect, in regular intervals, data on preventable food waste for the whole food chain in accordance with the EU directives. In the event that food companies are legally obliged to donate food to social institutions, the ACA furthermore recommended to consider the necessary infrastructural, logistical and financial framework conditions. Moreover, a strategy to

reduce food waste should be elaborated. In this regard, all sectors of the food chain should be involved – i.e. also the agricultural and production sector.



The added value created for citizens is also on top of the agenda when it comes to health-care. In the report “Obstetric Care in Lower Austria and Vienna” (volumes Federation 2021/2, Lower Austria 2021/1, Tyrol 2021/1 and Vienna 2021/1) the ACA revealed shortages in the provision of intensive care services for newborns. The shortages resulted from insufficient hospital bed capacities as well as to the lack of medical professionals – both as regards physicians as well as nursing staff. In 2018, for example, intensive care beds for newborns had to be temporarily blocked due to a lack of staff in Vienna. Also as regards the transport of newborns to a neonatology unit – i.e. a hospital unit specialized in newborn medicine – specially trained accompanying medical staff was partly lacking. The ACA recommended to the province of Lower Austria, the city of Vienna and the hospital operators to ensure the necessary number and location of beds required for a high-quality and safe provision of neonatal care and to

support the hospital operators' efforts in guaranteeing the availability of sufficient neonatal medical staff.

The added value created for citizens also took centre stage in the special audit of the "Medical Care in the Independent Healthcare Sector" (volume Federation 2021/30) carried out upon the request of the National Council. In 2019, the Austrian Medical Chamber identified a healthcare supply gap and called for 1,300 additional posts for physicians under contract with the Austrian Health Insurance Fund (contract physicians). The ACA, however, found that the data available to the Federal Ministry of Health, the health insurance providers, the Main Association of Austrian Social Security Institutions and the Austrian Medical Chamber were inadequate to give a valid overview of the medical services provided in the independent healthcare sector. For example, the indicated number of independent health practitioners did not include the cooperation of several practitioners in group surgeries. Furthermore, information on the working hours of physicians was lacking and an informative comparison of the opening times was not available (see also chapter 1.4 "Health is the greatest wealth").

The environment and climate protection are central challenges for our society. The ACA has therefore conducted a number of audits on environmental issues. In Austria, climate protection activities are not centrally coordinated. This makes it difficult to implement effective climate protection measures and this was pointed out by the ACA in its report "Climate Protection in Austria – Measures and Target Attainment 2020" (volumes Federation 2021/16, Lower Austria 2021/2, Upper Austria 2021/1) – see also chapter 1.3 "Climate protection: an important focus of the ACA").

Another audit of the ACA on climate protection concerned the "Climate Change Adaptation in the City of Linz" (volumes Federation 2021/27, Upper Austria 2021/5) as cities are particularly affected by climate change.



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In the summer, the densely built-up and sealed areas absorb more heat than the surroundings and store this heat. The development of "urban heat islands" has an adverse effect on the wellbeing and the health of the cities' inhabitants as the buildings and sealed areas – roads and parking spaces – generate higher apparent temperatures than the surroundings, which impairs sleep during the night. Such effects can cause health burdens that can become potentially life-threatening. Cities therefore need adaptation measures to climate change in order to maintain and/or improve the citizens' quality of life. The city of Linz was comparatively late in developing an action programme to adapt to climate change. The ACA therefore recommended to the city of Linz to timely prepare and adopt a concept for adaptation to climate change. To this end, the measures outlined in the overview would have to be specified more precisely and complemented by

concrete information on implementation periods, responsibilities, cost estimates and financing.

With its audit report on “Traffic-Borne Air Pollution – Selected Measures to Improve Air Quality” (volumes Federation 2021/7, Styria 2021/1) the ACA addressed another environmental issue. In this report, the ACA critically pointed to the fact that no improvement of the air quality had been measured in Styria since 2014. The city of Graz had failed to adopt sufficient measures against the principal cause of air pollution: motorized individual transport. High concentrations of pollutants that exceed the limit values both as regards nitrogen dioxide as well as particulate matter had been, for example, registered at the measuring point “Graz-Don Bosco”. In many areas of the city, comparative measurements showed even higher values. In addition, Graz is a fast-growing conurbations in Austria.

Between 2002 and 2015, the number of Graz’ inhabitants increased by some 41,300. Also the number of inward and outward commuters is continuously increasing.

The ACA considers that further measures are necessary to improve the air quality: public transport should be expanded and the motorized individual transport reduced. Among others, permanent speed limits should also be taken into consideration, in particularly affected regions in Styria. In particular, driving restrictions for motorized individual transport in the Greater Graz Area should be reconsidered. The restrictions would also reduce the CO<sub>2</sub> emissions and make a valuable contribution to attaining the climate objectives.

## 1.8 NEW THREE-YEAR AUDIT PRIORITY “NEXT GENERATION AUSTRIA”

Last year’s events impressively demonstrate that our audit environment is a dynamic one. The COVID-19 pandemic revealed that

- developments are sped up (such as digitalization),
- topics and risks that were considered to be very unlikely just a short time ago (besides the pandemic, for example, also a potential blackout) now take centre stage, and
- new processes (such as hybrid work) can be initiated.

The COVID-19 pandemic required public crisis management measures that led to new financial and structural risks both for public finances as well as for the public sector as a whole. The existing structures and systems are thus being put to the test.

Against this backdrop, the ACA has embarked on a new medium-term audit priority: “Next Generation Austria. Are we passing on something more than just debt to the next generation? On the future role of the state for the next generation.”

From the perspective of public auditing – even though the ACA’s audits are carried out ex post –, it is important to identify and anticipate ex ante the emerging challenges the state will face in the medium term and to strategically develop the audit programme based on such insights.

Within the framework of this comprehensive audit priority, especially the following topics

## Prüfungsschwerpunkt 2022+2 Next Generation Austria

shall be audited within the different audit units (see chapter 7.2 “Organization”):

- Public responsibilities and sustainable public finances (such as provisions and the ensuring of availability in the case of specific infrastructure requirements and responsibilities, e.g. spatial planning, implementation of costly reform projects – in the areas of transport, health and old-age care)
- Digitalization and public administration (modernization of the administration and the prevention of corruption, digital transformation and public data management)
- Future-related promises to the youth (implementation of reforms for the benefit of the next generation, in particular in the areas of education, labour market, climate and pensions)

At this point, one of the above-mentioned challenges shall be highlighted, namely digitalization and public administration: the biggest change that is currently ongoing on a global level takes place in technology. It will have massive impacts, not only on the workplace, the industry and the service sector, but also on the way we interact with each other. Public administration is not left unaffected by this process.

This, however, also creates tremendous opportunities – a lesson the health crisis has already taught us: it has contributed to an innovation and digitalization boost, which had been lacking in the past few years. This is exemplified by the health sector with its digital vaccination platforms or e-medication.

However, many areas were not prepared, e.g. the schools. They were forced to switch to distance learning. Without the appropriate technology this would not have worked. Moreover private devices had to be used in most of the cases. Only now, and thus belated, the “digital school” is getting off the ground.

The same issue also concerns the administration. On some occasions, staff members of federal ministries used their own IT equipment to uphold the federal ministries’ operations during the lockdowns in the course of the COVID-19 pandemic. This bore considerable security risks. In its report “IT Security Management in the Administration of Selected Federal Ministries” (volume Federation 2021/31), the ACA pointed to this issue as well as to shortcomings in the preparation for IT emergencies and IT security risks in the case of shifts in the federal ministries’ competences.

All this gives rise to the question as to how future crises can be managed. The risk of a blackout has not yet been addressed. These issues must prompt a rethinking process and new risks have to be taken into account. The use of new work logics and a comprehensive reform of administrative processes necessitated by digitalization will be paramount. After all, the leveraging of efficiency potentials and the achievement of a successful digital transformation are at the heart of the matter.

The ACA wishes to cover all of the issues raised above, which have been mentioned for illustrative purposes, in its audits and to provide incentives for the reforms required.

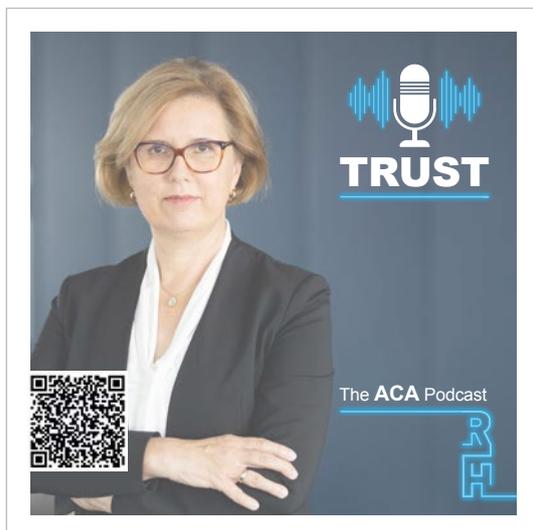
## 1.9 TRUST: THE ACA PODCAST

“Welcome, I am coming to you from the Austrian Court of Audit.” With these words, President Margit Kraker addressed the listeners of “Trust: The ACA Podcast” as it went live for the first time on 29 January 2021. The development of this new format was one of the ACA’s responses to the pandemic. The goal of this podcast was and still is to inform everyone interested in the ACA’s work in a very accessible way – even in times when personal contacts are less possible. Already after the second episode, it ranked first in its category in the Austrian Apple podcast charts. Moreover, “Trust” is also listened to across national borders. Downloads have been registered from Germany, Spain, Sweden, Russia, Morocco, Luxembourg, Slovenia, France and the United States.

### EACH EPISODE AN IN-HOUSE PRODUCTION

The fact that the podcast is also relevant for journalists is illustrated by the media coverage in which reference is made to the podcast, but also by radio reports in which parts of the podcast are broadcast in their original version. On a sidenote, the ACA takes care of the recording, editing, post-production and publication itself. Since the very first episode, the podcast has been an in-house production. Accessibility of its content is a central concern for the ACA. Therefore, all episodes are also available as transcripts. In 2021, more than ten editions of “Trust: The ACA Podcast” were published, among others on COVID-19-related audits, citizen participation, details on the audit work and on the cooperation with Parliament. The evaluation of the APA/OGM confidence index of July 2021 shows that the name of the podcast – “Trust” – speaks for itself: the ACA enjoys a high level of confidence and ranks among the top-five institutions of Austria.

## #MITUNSKÖNNENSIERECHNEN (#YOU CAN COUNT ON US) – THROUGH A VARIETY OF CHANNELS



In September 2021, President Margit Kraker gave an interview in the Austrian Broadcasting Corporation's news broadcast "ZIB 2", which attracted much interest. Among others, she talked about the ACA's long-standing demand to be accorded genuine audit rights in connection with political party funding. A corresponding draft legislation prepared by the ACA was intended to be a basis for discussion and to revive the debate (see also [chapter 1.5 "Political Parties Act and audit by the ACA"](#)).

In episode 3 of season 2, which was published on 22 October 2021, she finally presented the ACA's suggestion to the public. "The draft legislation is based on our experiences – our oversight work as regards the assessment of the political parties' statements of accounts. We have detected some deficits in this regard. Of course it is up to the political parties to draw the right conclusions from this draft. However, I think that the time has come to act now," the president informed her listeners.

Subsequently, "Trust: The ACA Podcast" celebrated a special premiere. For the first time, President Kraker welcomed a guest: with Kay Scheller, President of the German Bundesrechnungshof, she talked, among others, about the challenges faced by audit institutions in the course of the COVID-19 pandemic.



In terms of public services, the ACA continues on the path it has embarked upon. Christian Neuwirth, the ACA's spokesperson, is in direct contact with the public via Twitter ([@RHSprecher](#)). Press releases on individual reports are provided to the media and straightforward charts and graphics on the ACA's reports are also published on Instagram ([@rechnungshofat](#)) and on Facebook ([@RechnungshofAT](#)).



*The audit result contains analyses  
of the status quo and  
recommendations for improvements.*

## 2 AUDITING AND ADVISING

### 2.1 AUDITS

Overall, the ACA is competent to audit around 6,000 institutions. It performs audits throughout the entire spectrum of the state economy at the federal, provincial and municipal level, namely public entities as well as private entities, institutions, foundations, funds and companies provided that the public share in these institutions is at least 50%. In determining the ACA's audit remit, the decisive question is whether the public sector has a controlling influence over the institution or business in question. This cannot always be assessed with absolute certainty. The Constitutional Court has the final say when disputes arise over this question.

On the federal level and in the provinces, the ACA has the right to audit all public institutions. Furthermore, the ACA has the right to audit all municipal associations and larger municipalities with more than 10,000 inhabitants. In addition, it is also entitled to audit the social insurance providers and the chambers.

Each audit starts with the audit planning. During the selection of audit topics, the ACA pays special attention to:

- risk potentials,
- levels of expenditure,
- changes of key parameters,
- current events,
- special public interest as well as
- preventive effects.

The annual audit planning process for 2021 was carried out in autumn 2020. Due to the pandemic, it was held in a hybrid mode. The

planning for 2022 could, in compliance with the necessary safety measures, once again take place in the form of a closed in-person session. In this framework, the audit suggestions were widely discussed and, in doing so, a balance was achieved, especially with regard to the variety of (audit) topics and (audit) addressees. Both the 2021 and the 2022 audit plan are coordinated with the provincial audit institutions. The purpose of this coordination is to avoid a duplication of audits.

The auditors start the auditing process with comprehensive preparations, which are followed by the so-called in situ inspection. Therein, the auditors collect and analyse documents and have conversations with representatives of the audited entity. Based on the findings of this inspection, they compile the audit results, which contain an evaluation of the status quo as well as recommendations for improvements. The ACA then submits the audit results – the so-called draft report – to the audited entity for a statement. Once the ACA receives a statement, it compiles, if necessary, a reply – the so-called statement of reply. All of these statements are included in the final report.

An early publication of audit reports by audited entities, which receive the audit result in the framework of the commenting procedure, contradicts the principles of a fair procedure. The ACA does not comment publicly on its reports until after the final report has been submitted. However, the ACA notes in this context that its security measures enable it to

identify those entities that release the report prematurely. The ACA therefore advises all audited bodies once again of the confidentiality of the commenting procedure.

As soon as the report is finalized, it is submitted to the National Council and/or the provincial parliaments and, where appropriate, to the municipal councils. The ACA then publishes the report on its website.

In terms of auditing, the ACA is planning a reorientation of its follow-up audits: instead of limiting such audits to the question “Has the recommendation been implemented?”, the ACA is intending to focus on the question “Has the issue been solved?” The latest developments that had not been relevant at the time of the initial audit and could therefore not be addressed should also be taken up. This, too, increases the informative value. Eventually, follow-up audits should deal primarily with systemic questions.

## 2.2 REPORTS

In 2021 the ACA published 61 reports:

Title	Date of publication	Volume
Federal Fiscal Court	15 Jan 21	Federation 2021/1
Obstetric Care in Lower Austria and Vienna	22 Jan 21	Federation 2021/2 Lower Austria 2021/1 Tyrol 2021/1 Vienna 2021/1
Housing in Vienna	22 Jan 21	Federation 2021/3 Vienna 2021/2
Urban Development and Urban Planning in Bregenz	29 Jan 21	Vorarlberg 2021/1
Municipality of Seekirchen am Wallersee	29 Jan 21	Salzburg 2021/1
Apartments Administered by the Federal Ministry of Defence; Follow-up Audit	05 Feb 21	Federation 2021/4
ART for ART Theaterservice GmbH; Follow-up Audit	05 Feb 21	Federation 2021/5
Ticket Sales System of the Austrian Federal Railways Passenger Transport Company (ÖBB Personenverkehr AG); Follow-up Audit	05 Feb 21	Federation 2021/6
Traffic-Borne Air Pollution – Selected Measures to Improve Air Quality	12 Feb 21	Federation 2021/7 Styria 2021/1
Primary Care in Vienna	19 Feb 21	Federation 2021/8 Vienna 2021/3
TIWAG–Tiroler Wasserkraft AG and Join-Venture Power Plant Inn	05 Mar 21	Tyrol 2021/2
IT Project ZEPTA of the Pension Insurance Institution and the Subsequent Standard Product ePV; Follow-up Audit	12 Mar 21	Federation 2021/9
Corruption Prevention Systems in Selected Federal Ministries; Follow-up Audit	12 Mar 21	Federation 2021/10
Transparency Database – Costs and Benefits, Targets and Target Achievement; Follow-up Audit	12 Mar 21	Federation 2021/11
General Secretariats at the Federal Ministries	26 Mar 21	Federation 2021/12

Title	Date of publication	Volume
Administrative Sponsorship and Donations in Selected Federal Ministries	26 Mar 21	Federation 2021/13
Management of Research Infrastructure	09 Apr 21	Federation 2021/14
Inter-Company Apprenticeship with a Focus on Upper Austria and Vienna	09 Apr 21	Federation 2021/15
Climate Protection in Austria – Measures and Target Attainment 2020	16 Apr 21	Federation 2021/16 Lower Austria 2021/2 Upper Austria 2021/1
Provincial Capital of St. Pölten	23 Apr 21	Lower 2021/3
Reform Projects in the Framework of Financial Equalization	07 May 21	Federation 2021/17 Burgenland 2021/1 Carinthia 2021/1 Lower Austria 2021/4 Salzburg 2021/2 Styria 2021/2 Tyrol 2021/3 Upper Austria 2021/2 Vienna 2021/4 Vorarlberg 2021/2
Selected Aspects of Cultural Funding in the Provinces of Burgenland and Lower Austria as well as in the City of Vienna	07 May 21	Burgenland 2021/2 Lower Austria 2021/5 Vienna 2021/5
Austrian Cultural Fora; Follow-up Audit	14 May 21	Federation 2021/18
Selected Topics Related to the City of Vienna – Wiener Wohnen and Wiener Wohnen Hausbetreuung GmbH; Follow-up Audit	14 May 21	Vienna 2021/6
Reducing Food Waste – Implementation of SDG Target 12.3 of the 2030 Agenda	21 May 21	Federation 2021/19
Municipal Association Leithaprodersdorf–Wimpassing an der Leitha	21 May 21	Burgenland 2021/3
Early Language Support in Kindergartens	28 May 21	Federation 2021/20 Lower Austria 2021/6 Upper Austria 2021/3
Protection Forest Management at the Österreichische Bundesforste AG; Follow-up Audit	04 Jun 21	Federation 2021/21
Bundespensionskasse AG – Investment Strategies and Asset Management; Follow-up Audit	04 Jun 21	Federation 2021/22
The Prevention of and Fight against Cybercrime	11 Jun 21	Federation 2021/23
Burgtheater GmbH	11 Jun 21	Federation 2021/24
COVID-19 – Structure and Scope of the COVID-19 Financial Aid Measures	25 Jun 21	Federation 2021/25 Burgenland 2021/4 Carinthia 2021/2 Lower Austria 2021/7 Salzburg 2021/3 Styria 2021/3 Tyrol 2021/4 Upper Austria 2021/4 Vienna 2021/7 Vorarlberg 2021/3
Report on the Federal Financial Statements (FFR) 2020	30 Jun 21	FFR 2020
Day Care for Pupils; Follow-up Audit	09 Jul 21	Federation 2021/26
GESIBA Gemeinnützige Siedlungs– und Bauaktiengesellschaft; Follow-up Audit	09 Jul 21	Vienna 2021/8
Climate Change Adaptation in the City of Linz	16 Jul 21	Federation 2021/27 Upper Austria 2021/5
VAT on International Digital B2C Services	23 Jul 21	Federation 2021/28

Title	Date of publication	Volume
Sanatorium Hera	23 Jul 21	Vienna 2021/9
Hardship Fund – Funding Administration	20 Aug 21	Federation 2021/29
Medical Care in the Independent Healthcare Sector	03 Sep 21	Federation 2021/30
IT Security Management in the Administration of Selected Federal Ministries	10 Sep 21	Federation 2021/31
NÖ.Regional.GmbH	24 Sep 21	Lower Austria 2021/8
EAFRD: Establishment and Operation of Clusters and Networks; Follow-up Audit	01 Oct 21	Federation 2021/32
Transport Infrastructure of the Federation – Strategy, Planning and Financing; Follow-up Audit and COVID-19 Implications	01 Oct 21	Federation 2021/33
Universities’ Equity Interests in Companies; Medical University of Vienna and Linz University; Follow-up Audit	01 Oct 21	Federation 2021/34
Education and Teacher-Student Ratios – University of Graz and Vienna University of Economics and Business	08 Oct 21	Federation 2021/35
Equity Interests of the City of Krems an der Donau and the Municipality of Leonding	08 Oct 21	Lower Austria 2021/9 Upper Austria 2021/6
Spanish Riding School – Lipizzaner Stud Piber	29 Oct 21	Federation 2021/36
The Filling of Compulsory School Management Positions in Styria	05 Nov 21	Federation 2021/37 Styria 2021/4
Conditions Regarding Political Party Events	12 Nov 21	Lower Austria 2021/10 Salzburg 2021/4 Upper Austria 2021/7 Vienna 2021/10
Grant Contracts for the Financing of the Railway Infrastructure of the Austrian Federal Railways	12 Nov 21	Federation 2021/38
Task Performance and Operational Readiness of Engineer Battalion 3	19 Nov 21	Federation 2021/39
Österreichische Energieagentur – Austrian Energy Agency	19 Nov 21	Federation 2021/40
Vienna Airport – Reconstruction and Extension of Terminal 3	26 Nov 21	Federation 2021/41 Lower Austria 2021/11 Vienna 2021/11
Vienna Airport – Maintenance	26 Nov 21	Lower Austria 2021/12 Vienna 2021/12
Selected Aspects of Real Estate Management of the City of Graz	03 Dec 21	Styria 2021/5
Additionality Programmes Burgenland 2014–2020	03 Dec 21	Burgenland 2021/5
Medical Training	10 Dec 21	Federation 2021/42
Health Data on Pandemic Management in the First Year of the COVID-19 Pandemic	17 Dec 21	Federation 2021/43 Salzburg 2021/5 Upper Austria 2021/8
Average Income and Additional Pension Contributions in Public Companies and Federal Institutions 2019 and 2020	21 Dec 21	Incomes 2021/1
Annual Report 2021 of the Austrian Court of Audit	28 Dec 21	Federation 2021/44 Burgenland 2021/6 Carinthia 2021/3 Lower Austria 2021/13 Salzburg 2021/6 Styria 2021/6 Tyrol 2021/5 Upper Austria 2021/9 Vienna 2021/13 Vorarlberg 2021/4

The ACA submitted the following number of reports to the National Council, the provincial parliaments and the municipal councils:

	Number of reports
National Council	46
Provincial parliaments, Vienna City Council	28
Municipal councils (Vienna excluded) and municipal associations	10

All ACA reports are published on its website at [www.rechnungshof.gv.at](http://www.rechnungshof.gv.at) and are therefore available to the public; the access has been barrier-free since January 2017. This means that the PDF files can now also be retrieved by blind people and people with visual impairments with the help of a speech reproduction programme. Since November 2017, the ACA has submitted all its reports to the National Council, the provincial parliaments and the municipal councils electronically and no longer in printed form.

### SPECIAL AUDITS

Under special circumstances and to a limited extent, the Federal Constitutional Law provides for the possibility for the National Council or a provincial parliament as well as for the federal government or a provincial government to address an audit request or demand to the ACA. In 2021, the ACA published the results of the special audits “Housing in Vienna” (volumes Federation 2021/3, Vienna 2021/2), “General Secretariats at the Federal Ministries” (volume Federation 2021/12), “Burgtheater GmbH” (volume Federation 2021/24), “Medical Care in the Independent Healthcare Sector” (volume Federation 2021/30), “The Filling of Compulsory School Management Positions in Styria” (volumes Federation 2021/37, Styria 2021/4) and “Medical Training” (volume Federation 2021/42).

In the report “Housing in Vienna”, the ACA outlined selected aspects of funded and social housing in Vienna. When it comes to the construction of new building projects, adequate total construction costs are one eligibility condition for receiving subsidies. In June 2018, the city of Vienna abolished the upper limit of total costs. Instead, the adequate total construction costs had to be assessed pursuant to the regulation issued by the Vienna provincial government on the award of contracts. However, the regulation was not appropriate to ensure the adequacy of total construction costs. This was due to the fact that it was not up-to-date at the time of the audit; it covered only parts of the procurement procedure and contained no upper limit up to which direct awards were permissible.

The report “General Secretariats at the Federal Ministries” showed that the tasks and objectives of the secretaries general were

not clearly defined. This resulted in an increased risk of duplication of efforts and of contradictory assignments given by the ministries' cabinets and the secretaries general. The ACA also assessed the financial implications: the establishment of secretaries general, including the related staff, for example, did not lead to a reduction of staff members in the ministries' cabinets.

The ÖVP-FPÖ Federal Government had established general secretariats in all its twelve ministries. Owing to a legislative amendment, the secretaries general were entitled to act as superiors and to issue instructions to the directors general and subordinate agencies. In general, the possibility to endow staff members with such a function has existed in the federal administration since 2000. Initially, however, they were only responsible for matters related to coordination. The current Federal Government, in turn, appointed secretaries general in twelve of overall 13 ministries.

The report "Burgtheater GmbH" covers the period from the spin-off of the Burgtheater in September 1999 up to and including the financial year 2007/08. The ACA had already audited the financial years 2008/09 to 2013/14 of Burgtheater GmbH at the request of the then Federal Minister of Arts and Culture, Constitutional Affairs and Media in 2014. The financial years indicated in the current audit request dated back as many as eleven to 20 years. Many of the documents that were required to answer the questions were no longer available as the statutory retention period of seven years had already expired.

The report "The Filling of Compulsory School Management Positions in Styria" concerned the question as to what extent, since 2015,

positions of compulsory school managers have been filled based on party political considerations rather than on objective criteria. The report revealed shortcomings in the staffing processes and in the rationale for the selection of staff. Furthermore, the ACA points to a shortage of applicants for management positions at compulsory schools. This shortage is becoming increasingly acute as about half of all school managers in Styria will retire within the next ten years.

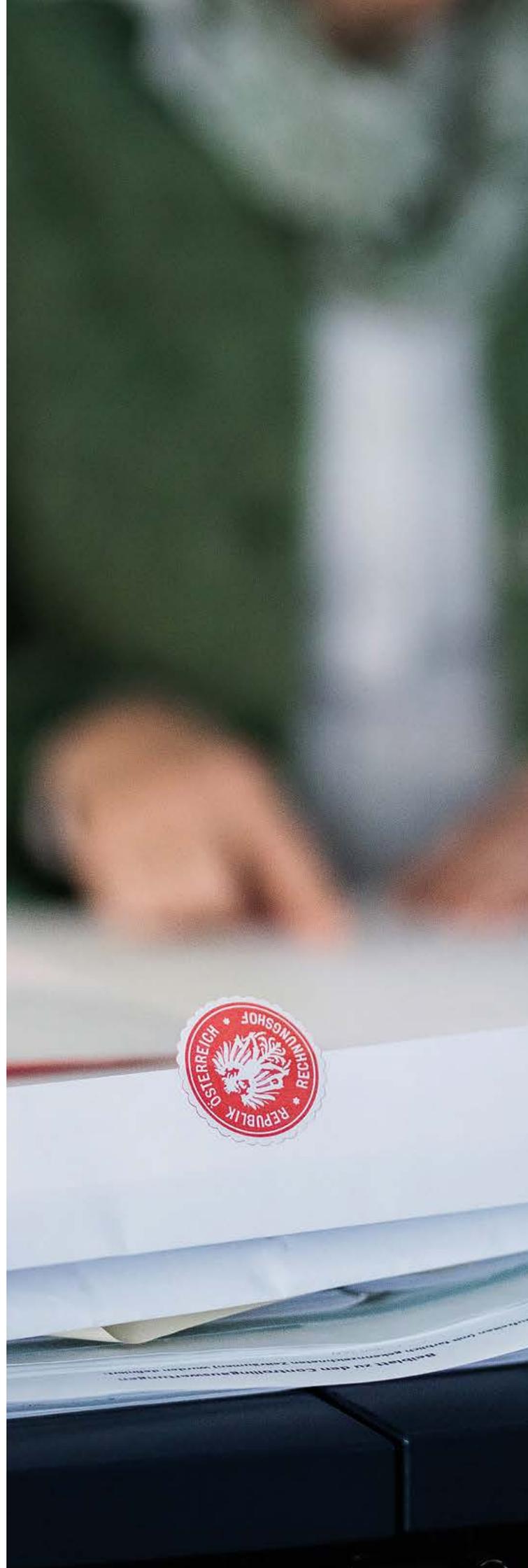
Details on the reports "Medical Care in the Independent Healthcare Sector" and "Medical Training" are outlined in chapter 1.4 "Health is the greatest wealth".

In 2021 the ACA received five requests for special audits: members of the National Council (SPÖ) requested pursuant to section 99 para. 2 of the Austrian National Council Rules of Procedure the audit of the "Procurement and Financing of Vaccines in the Course of the COVID-19 Pandemic" concerning the scope of competence of the Federal Ministry of Health, the Federal Ministry of Finance and the Federal Chancellery. The province of Burgenland issued a request pursuant to Article 127 para. 7 of the Federal Constitutional Law in conjunction with Article 27 of the Burgenland Provincial Parliament Rules of Procedures, supported by members of the provincial parliament (ÖVP), for a special audit of the "Sale of Shares in the FMB Facility Management Burgenland GmbH". Furthermore, members of the National Council (FPÖ) requested, pursuant to section 99 para. 2 of the Austrian National Council Rules of Procedure, the audit of the Federal Ministry of Education with regard to "Procurement Procedures in 2020 and 2021 in Connection with the COVID-19 Pandemic". Members of the Vienna City Council (ÖVP) requested, pursuant to Article 127 paras. 7 and 8 of the Federal Constitu-

tional Law in conjunction with section 73a of the Vienna City Statutes, the audit of the “Awarding of Contracts of the Vienna Health Association”. Finally, the province of Styria issued a request pursuant to Article 127 para. 7 of the Federal Constitutional Law in conjunction with section 45a of the Styrian Constitutional Law, supported by members of the provincial parliament (FPÖ, the Greens, NEOS, KPÖ), for an “Audit of Possible Inconsistencies as Regards EIA Processes Carried out by Department 13 of the Office of the Styrian Government’s Office”. The provincial parliament welcomed this special audit unanimously.

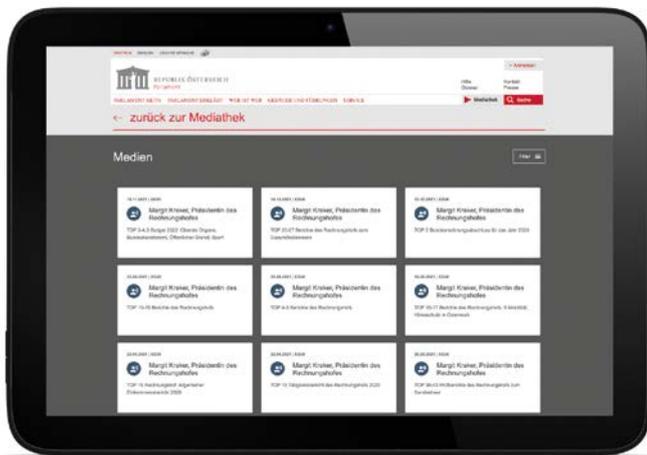
As at mid-December 2021, the ACA was in the midst of carrying out the following special and requested audits:

- The Management of the Federal Ministry of Health in the Years from 2009 to 2017 by Federal Ministers of the Social Democratic Party of Austria (the decision taken by the National Council comprises 27 topics; the ACA divided these 27 topics into three audits: “Medical Care in the Independent Healthcare Sector” (see volume Federation 2021/30), “Medical Training” (see volume Federation 2021/42) and the still ongoing audit on “Health Promotion and Prevention”)
- Contract Awards by ASFINAG (audit requested by the competent federal minister)
- Areas of Primary Care and the Provision of Federal Care for Asylum Seekers in the Federal Ministry of the Interior, Including the Activities of the Minister in this Area (request by the FPÖ) (“Federal Asylum Accommodation and Support Facilities”)



## 2.3 ADVISORY ACTIVITIES

After their submission and publication, the ACA's reports are discussed within the respective representative body. Prior to and in the context of the parliamentary discussion of the reports, the ACA also provides explanatory information to the members of the National Council or the provincial parliaments.



President Kraker's speeches held in the plenary sessions of the National Council are available in the media library at [www.parlament.gv.at/MEDIA/](http://www.parlament.gv.at/MEDIA/)

### PUBLIC ACCOUNTS COMMITTEE

In early 2021, 82 ACA reports submitted in 2018 and 2019 and the General Income Report were still unaddressed. In 2021, the ACA presented 44 reports as well as the Report on the Federal Financial Statements 2020 and the Income Survey to the National Council, i.e. overall 46 reports.

President Kraker attended seven meetings held by the Public Accounts Committee. She furthermore participated in two meetings of the Parliamentary Budget Committee and in eight plenary sessions of the National Council. The Public Accounts Committee discussed 59 reports, including the Annual Report 2020 and the General Income Report. Consequently,

67 reports submitted by the ACA in the period of 2018 to 2020 and the Income Survey remained unaddressed at the end of the year.

The Public Accounts Committee dealt with reports concerning the areas of health and social affairs in the presence of Federal Minister Rudolf Anschober on 12 January 2021, as did the National Council in the framework of a plenary session on 20 January 2021. Among others, the report "Old-Age Care in Austria" (volume Federation 2020/8) was also featured in these discussions. President Kraker explained in the Public Accounts Committee that the report served as a basis for a comparison across all provinces. The audit revealed, for example, marked differences in inpatient care between the provinces as regards costs and the density of nursing homes. Quality standards for nursing homes were lacking, as did nationwide regulations with regard to nursing home tariffs and staffing. The Federation and the provinces coordinated their actions only to a limited extent, also as regards the financing, the responsibilities for which lacked clarity. According to the ACA's opinion, a sustainable financing system and a coordinated overall management would need to be established in order to eliminate the existing weaknesses.

In its meeting on 9 March 2021, in which Federal Minister Klaudia Tanner took part, the Public Accounts Committee focused on issues related to the Austrian Armed Forces: the agenda featured, among others, also the report "Museum of Military History" (volume Federation 2020/37). In this report, the ACA outlined a number of problems, shortcomings and cases of mismanagement. In addition to repeated cases of non-compliance with legal provisions, as was the case with contract awards and construction works, numerous and severe shortcomings were detected as regards

the management of the museum. President Kraker explained that, in principle, the ACA carries out an audit of the federal museums every ten to 15 years, as was also the case with the Museum of Military History. The audit did not cover the scientific and museum-related strategy. The National Council discussed issues related to the Austrian Armed Forces in its plenary session on 25 March 2021.

“Climate Protection in Austria – Measures and Target Attainment 2020” (volume Federation 2021/16) was discussed on 11 and 19 May 2021 in Parliament. According to the report and from today’s point of view, Austria could clearly miss the EU’s 2030 climate targets. President Kraker highlighted that structurally effective measures need to be taken in climate protection, the effectiveness of which should be monitored continuously (see also chapter 1.3 “Climate protection: an important focus of the ACA”). Federal Minister Leonore Gewessler took part in the discussions of the Public Accounts Committee.

On 29 June 2021, the Public Accounts Committee – in the presence of Federal Minister Gernot Blümel – dealt with finance-related reports. The agenda also featured the follow-up audit on the report “Transparency Database – Costs and Benefits, Targets and Target Achievement” (volume Federation 2021/11). The discussion in the National Council’s plenary session took place on 22 September 2021 after the summer recess. President Kraker emphasized the great potential of the extensive transparency database, the use of which could be significantly improved. A corresponding concept should be created, whereby parameters should be defined that are suitable for making observations about the distribution effect, the efficiency and the accuracy of public-sector services. While the database

sees an increased use by citizens, there is still room for improvement as regards the service providers and processing agencies.



President Kraker in the plenary session of the National Council

The reports related to health, such as the report “Procurement of Medicines in Selected Hospitals in Salzburg and Tyrol” (volume Federation 2019/44), constituted a priority topic for the Public Accounts Committee at its meeting on 28 September 2021, in which Federal Minister Wolfgang Mückstein took part. The National Council discussed this report in its plenary session on 14 October 2021. Already prior to the COVID-19 crisis, Austria saw shortages of medicines, which were compensated for by high costs in the hospital sector.

Among the recommendations referred to by President Kraker in the Public Accounts Committee meeting, was, in accordance with the Federal Target Control Agreement 2017 to 2021, the permanent establishment of an assessment body for medicinal products used predominantly in hospitals. This body should, in addition to regulating prices, prevent a migration of patients to hospitals that are more

willing to prescribe a medicine they want, stated Kraker with reference to the differing forms of procurement in the provinces.

On 1 December 2021, the Public Accounts Committee discussed – in the presence of Federal Minister Heinz Faßmann – issues related to education and science, such as the report “Centralized School-Leaving Examination” (volume Federation 2020/22) and the “Education and Teacher-Student Ratios – University of Graz and Vienna University of Economics and Business” (volume Federation 2021/35).

#### MEETING WITH THE BUDGETARY SPOKESPERSONS



The ACA spokeswoman and spokesmen of the five parties represented in Parliament paid a visit to President Kraker

Upon the invitation of President Kraker, the spokespersons on budgetary matters of the five parties represented in the National Council visited the ACA for a briefing in October 2021. The deliberations focused on the Report on the Federal Financial Statements 2020 and the impact of the COVID-19 pandemic. These topics were discussed in the Parliamentary Budget Committee on 30 September 2021.

In the Report on the Federal Financial Statements 2020 (see chapter 1.2 “Public budgets in times of the pandemic”) the ACA placed special emphasis on the COVID-19 crisis management. It is an

utmost priority to provide support in the crisis, and at the same time it is the task of the ACA to systematically examine the content of such aid packages. The ACA thus creates transparency and provides for oversight.

#### IBIZA COMMITTEE OF INQUIRY

For the first time, in the framework of the Ibiza Committee of Inquiry, a request for an “additional standard of proof” was addressed to the ACA in end-November 2020. The ACA was requested to ascertain which monetary allocations were made directly or indirectly by the Federal Government to natural or legal persons who donated or were supposed to donate directly or indirectly to the then governmental parties or one of their affiliated organizations in the years 2017 to 2019. At the same time, the ACA was requested to determine the economic beneficiaries of subsidies, collaborations, advertisements, sponsorship agreements and other uses of funds by the Federal Ministry for European and International Affairs and the Austrian Development Agency as well as the Austrian Integration Fund in 2016 and 2017, with the exception of services pursuant to the Integration Act.

In order to comply with the request, the ACA carried out evaluations based on the budgetary accounting of the Federation (supreme organs and federal ministries) and collected data from the said legal entities. On 9 February 2021, the ACA submitted these data to the Ibiza Committee of Inquiry.

On 10 March 2021, the Ibiza Committee of Inquiry addressed another request for an “additional standard of proof” to the ACA. This request referred to payment flows to “agencies affiliated to the Austrian People’s Party”. The ACA was asked to determine which contracts were awarded to a total of 29 companies

named in the request and which payments were made to those companies for the period of 2017 to 2019.

In this context, another request reached the ACA, approved by the Ibiza Committee of Inquiry on 17 March 2021. Its content corresponded to the scope of the second request of 10 March 2021, but contained only one company as regards the collection of payment flows.

On 26 April 2021, the ACA submitted its evaluations from the federal budget settlement system. They concerned the survey of the contracts awarded and payments made by the federal ministries to a total of 30 companies over the budget years 2017 to 2019.

The second and third request of the Ibiza Committee of Inquiry also included a survey of payment flows by the Austrian Integration Fund. In the accounting documents provided by the Austrian Integration Fund (lists of accounts payable and receivable as well as accounting ledgers), no orders or payments to the 30 companies listed in the two requests could eventually be identified. The ACA informed the Ibiza Committee of Inquiry of this on 21 June 2021.

#### **“SMALL COMMITTEE OF INQUIRY”**

From January to July 2021, the standing subcommittee of inquiry of the Public Accounts Committee, the so-called small committee of inquiry, looked into procurement procedures and contract awards in connection with the COVID-19 pandemic. The corresponding request had been submitted by the Social Democratic Party of Austria and the NEOS. Such an examination by the Public Accounts Committee’s subcommittee is only

permissible if an audit is not already pending at the ACA. This was not the case and the ACA informed the subcommittee of this upon its request.

After the completion of this examination, the ACA started its audit of the Federal Ministry of Health, the Federal Ministry of Finance and the Federal Chancellery with regard to the procurement and financing of vaccines in the course of the COVID-19 pandemic. In order to avoid a duplication of audit activities and to efficiently pool the audit resources, the ACA requested the transmission of the minutes of the Public Account’s Committee’s standing subcommittee.

#### **PARLIAMENTARY ENQUIRIES**

The ACA is also subject to the right of interpellation. This means that members of the National Council (MPs) may address written questions concerning budget management, staffing and organizational matters to the ACA. In 2021, members of the National Council addressed the following three parliamentary enquiries to the ACA president, which were not covered by the right of interpellation.

The parliamentary request addressed to President Kraker on 7 January 2021 concerned “Ambiguities in the financial statements of the economic chambers: annual surpluses and changes in equity diverge”. The clarification of the questions covered by the request requires a separate audit by the ACA. In the course of a future audit of the economic chambers, the ACA can therefore include the issues raised in the request.

The parliamentary request of 9 April 2021 referred to the “cost explosion in the wake of the social security reform”. In the course of a

planned audit of the social insurance providers, the ACA will include significant factors influencing the finances of the social insurance institutions.

Another parliamentary request dating from 24 November 2021 concerned the question related to the Austrian People's Party "Will there be no ACA audit after the turquoise corruption scandals?"

In essence, the ACA holds the opinion that the MPs' right to interpellate does not extend to the audit activities of the ACA. If the National Council wishes the ACA to carry out audits at the federal level, it may do so through the means provided for in the Federal Constitution and the Rules of Procedure of the National Council.

#### **BUILDER-OWNER COMMITTEE OF THE NATIONAL COUNCIL**

Pursuant to the Act on the Renovation of the Parliament Building (Parlamentsgebäudesanierungsgesetz), the ACA president is a member of the Builder-Owner Committee of the National Council, the leading oversight body for the renovation works of the Parliament building. The members of the executive bureau of Parliament – the three members of the bureau of the National Council and the heads of the parliamentary groups – and the ACA president are represented in the committee. The latter, however, explicitly abstains from voting. Her role is to contribute the ACA's expert know-how acquired through construction project audits. Upon a request by the Builder-Owner Committee, the ACA will carry out an audit of the renovation of the Parliament building in 2022. In 2021, three meetings were held by the Builder-Owner Committee.

#### **PROVINCIAL PARLIAMENTS**

In 2021, the ACA submitted 28 reports to the provincial parliaments. At provincial parliament level as well, the ACA would wish for a timely discussion of its reports and for being invited to attend the deliberations of its reports. The ACA's relations with the individual provincial parliaments are governed differently by the provincial constitutions and the standing orders of the provincial parliaments. Some provincial parliaments address ACA reports at great detail and regularly invite the auditors to attend the deliberations. In Burgenland, Carinthia and Vorarlberg, the ACA was not invited to all deliberations of its reports in 2021.

ACA staff members took part in 28 committee meetings of the provincial parliaments and the Vienna City Council. In addition, President Kraker attended a meeting of the Vienna City Council on 24 March and 20 December 2021, where she has a right to take the floor.

The technical opportunity of attending committee meetings by way of videoconferences is being seized by all provincial parliaments. ACA staff members joined the meetings of the provincial parliaments' oversight committees 22 times from Vienna.

There is one specificity as regards the financial supervisory committee of the provincial parliament of Salzburg. While the National Council and the provincial parliaments don't usually hold public committee deliberations, the provincial parliament of Salzburg provides a live stream of the discussions held in its committee meetings on its website. The videoconferences between the ACA in Vienna and the financial supervisory committee in the provincial parliament of Salzburg on 20 January, 10 March, 16 June and 22 Septem-

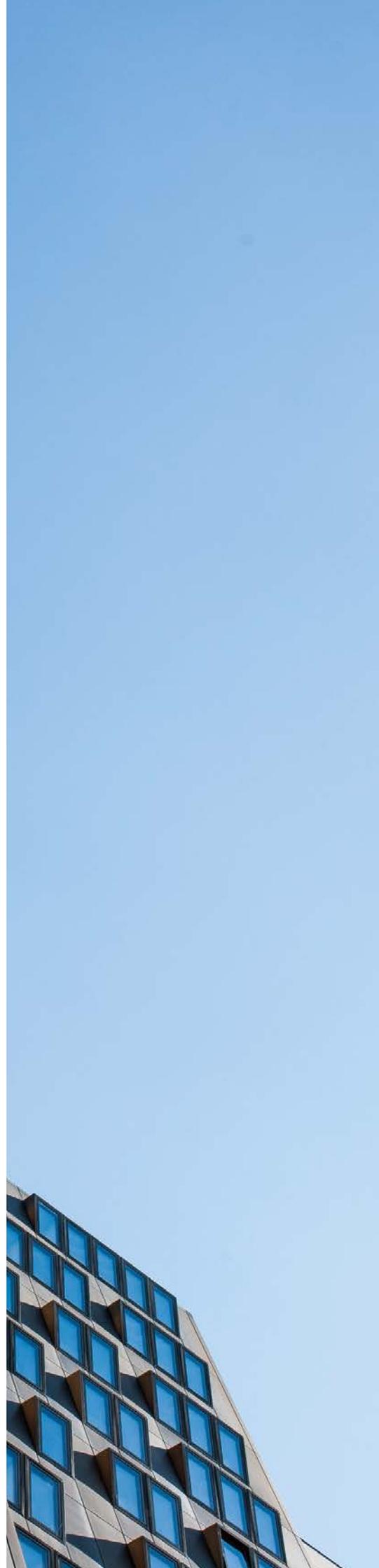
ber 2021 were therefore broadcast live. The recordings of the meeting are also available in the archive of the provincial parliament's website.

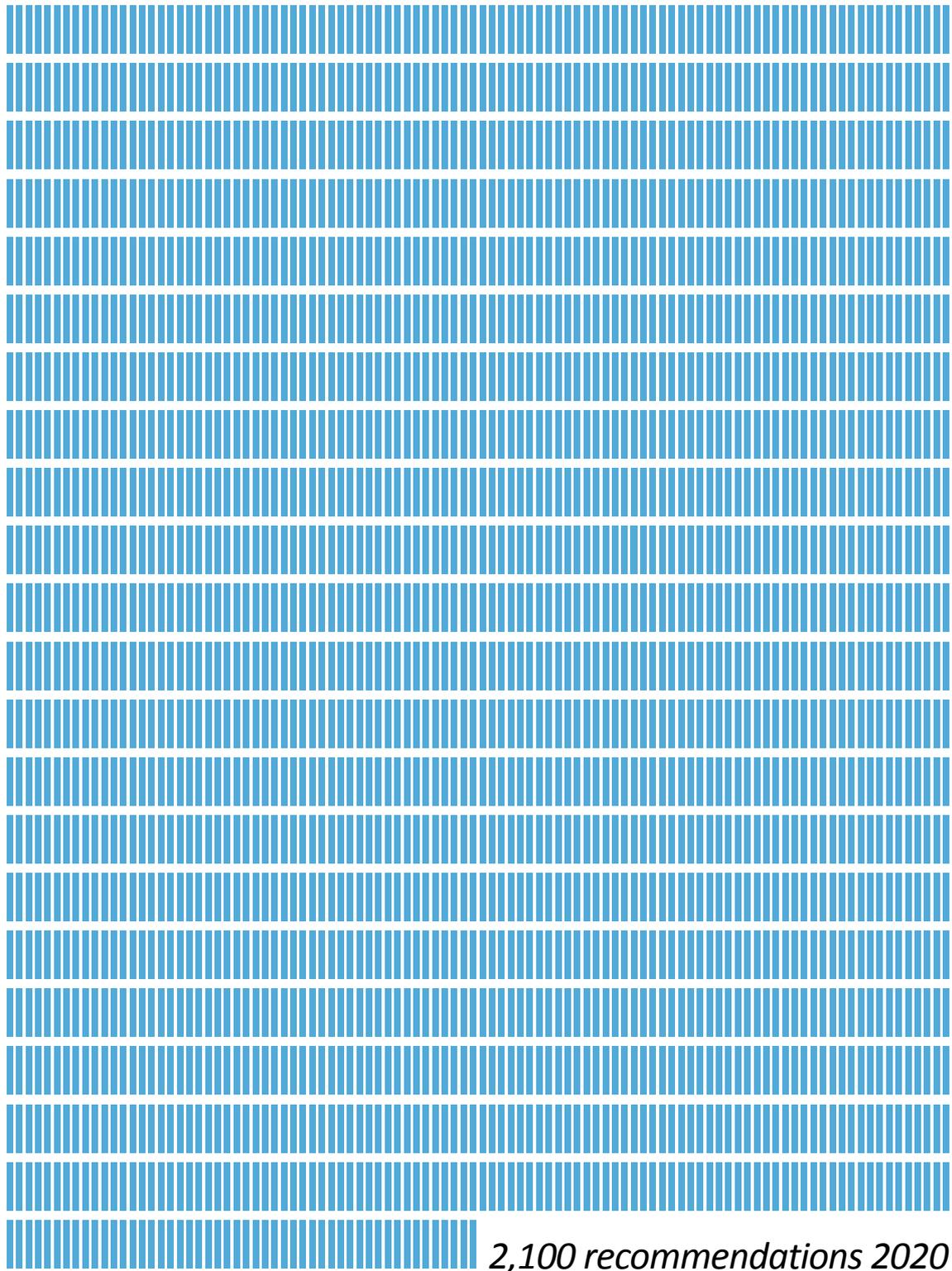
### **MUNICIPAL COUNCILS**

In 2021 the ACA submitted a total of ten reports to municipal councils and the assemblies of municipal associations. Compared to the National Council and the provincial parliaments, the ACA's cooperation with the municipal councils can be expanded. The ACA is striving to step up cooperation and, when submitting reports at the municipal level, expressly points out that the auditors are available to provide information when the reports are being dealt with by the municipal council. In 2021, the ACA did not receive any invitation in this regard.

### **PROVINCIAL AUDIT INSTITUTIONS**

In 2021, two conferences were held with the provincial audit institutions upon the invitation of the ACA. At the meeting in July, the COVID-19-related audits took centre stage. In addition, current developments in connection with the Regulation on Subnational Budgets and Accounts (Voranschlags- und Rechnungsabschlussverordnung) were discussed. The participants furthermore engaged in an exchange of ideas on joint education and training during the pandemic and on data analyses. The focus of the conference held on 10 November, in which the Austrian member of the European Court of Auditors, Helga Berger, took part as well, was on the coordination of audit plans.





*The follow-up audit forms the second phase of the ACA's outcome-oriented control process.*

### 3 THE ACA'S RECOMMENDATIONS FACILITATE ITS IMPACT

The effectiveness of the ACA depends in particular on the implementation of its recommendations. In order to determine – but also to enhance – its impact, the ACA uses an outcome assessment process consisting of two phases. In the first phase the ACA queries the auditees about all the recommendations it had issued in the course of the previous year and their degree of implementation. The auditees then report on whether they have taken measures to implement the recommendations and, if yes, which ones. Based on these communications, the ACA assesses the degree of implementation of its recommendations. The result of this follow-up enquiry, which involves no audit activities by the ACA, is therefore based exclusively on the information provided by the auditees. During the second phase – which, in general, takes place one year after the follow-up enquiry – the ACA checks the implementation of selected recommendations in the framework of “follow-up audits” on site.

In the framework of its outcome-oriented control, the ACA sets a target it wants to reach for each of the two phases of the outcome assessment process. As regards its enquiry on the degree of implementation of its recommendations, it aimed for a share of 75% with regard to the implemented recommendations and recommendations whose implementation was promised. In the case of the follow-up audits of 2020, the target was at 80%. The latter target is higher and reflects the expectation of the ACA that the auditees will have been able to implement a larger part of its recommendations in the course of two to three years.

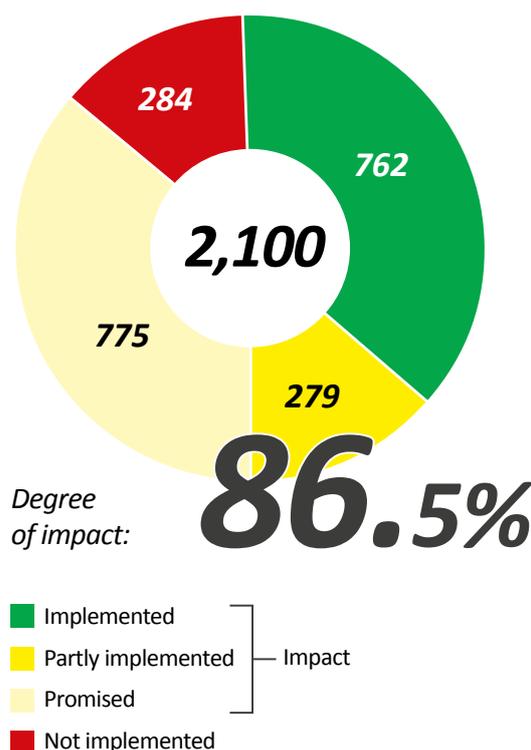
#### 3.1 ENQUIRY ON THE DEGREE OF IMPLEMENTATION OF THE RECOMMENDATIONS ISSUED IN 2020

In 2021, the ACA queried 80 auditees about the degree of implementation of the recommendations it had issued in 2020 and assessed 2,100 recommendations. With regard to 62 recommendations, no information was provided or no action had been necessary owing to the developments that had taken place in the meantime.

##### OVERALL RESULT

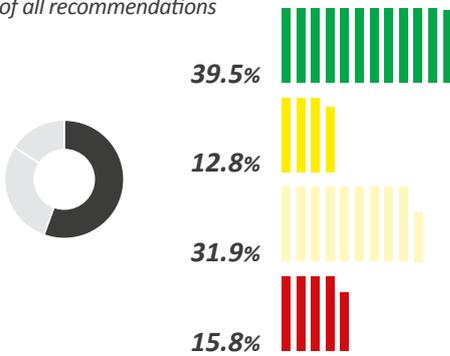
The enquiry carried out in 2021 provided the following result for 2020 (rounded figures):

##### Recommendations 2020

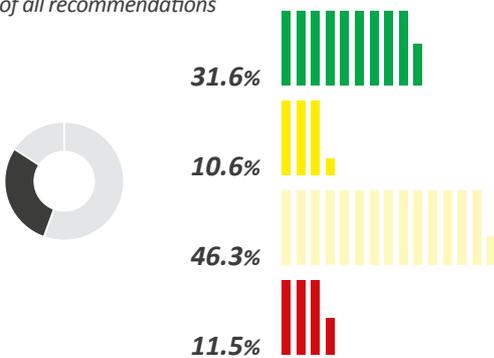


Broken down by territorial entities, the results are as follows:

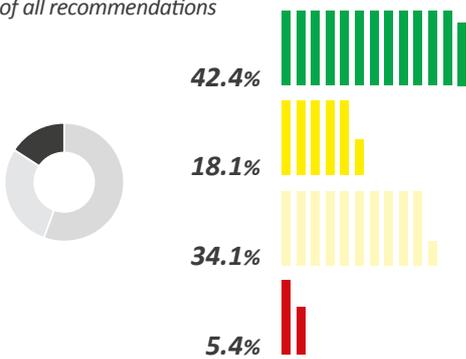
**Federation 55.8%**  
of all recommendations



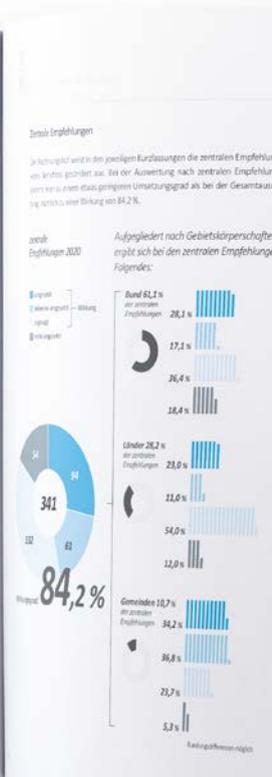
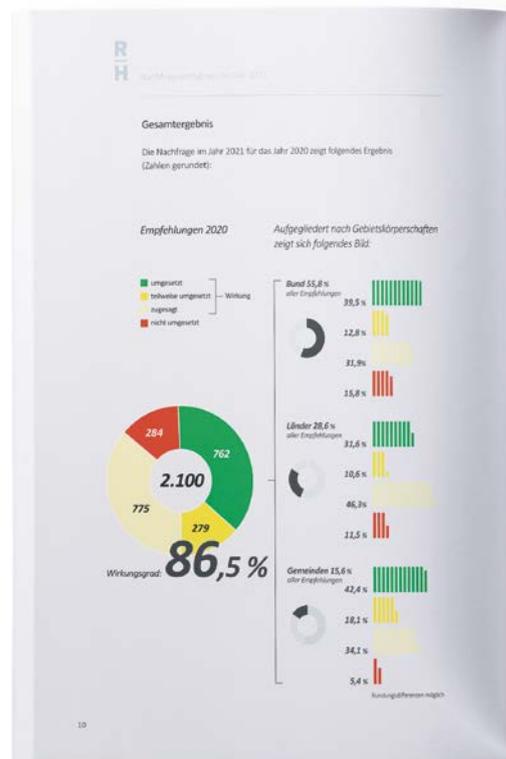
**Provinces 28.6%**  
of all recommendations



**Municipalities 15.6%**  
of all recommendations



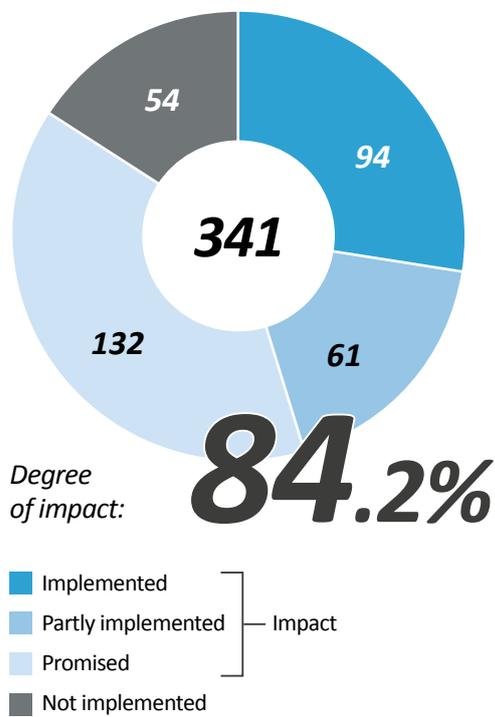
Rounding differences may occur



**CENTRAL RECOMMENDATIONS**

The ACA separately highlights the central recommendations in its reports. Compared to the overall analysis, an analysis of the central recommendations results in a slightly lesser degree of implementation, namely 84.2% (rounded figures):

*Central recommendations 2020*

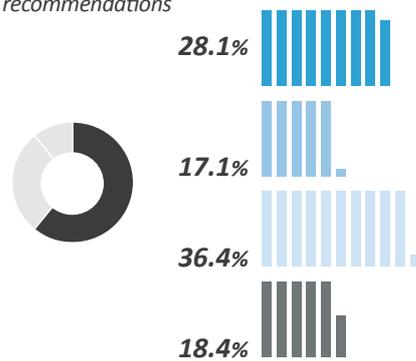


The detailed results of the “Follow-up Enquiry in 2021” are part of the Annual Report 2021 (Annex 1, in German) and can be retrieved on the ACA’s website [www.rechnungshof.gv.at](http://www.rechnungshof.gv.at).

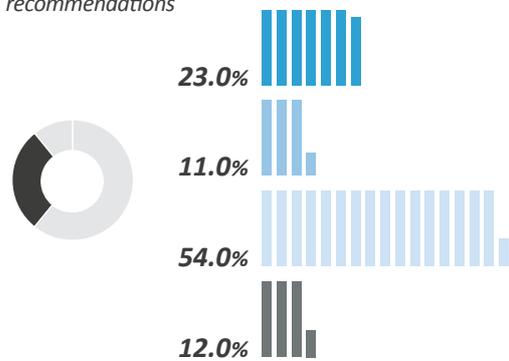
This purely quantitative evaluation showcases in general a major impact. However, as in the previous years, some of the ACA’s significant recommendations also remained unheeded.

*Broken down by territorial entities, the results concerning the central recommendations are as follows:*

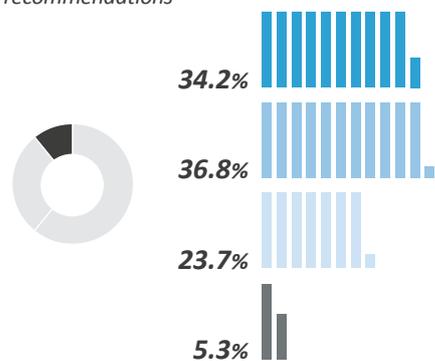
**Federation 61.1%**  
*of the central recommendations*



**Provinces 28.2%**  
*of the central recommendations*



**Municipalities 10.7%**  
*of the central recommendations*



Rounding differences may occur

In order to render the result of the follow-up enquiry more informative, the following section contains qualitative evaluations of the achievements and unrealized potential for action as regards relevant areas. The following analyses are based exclusively on the information provided by the audited entities in the framework of the ACA's follow-up enquiry.

## QUALITATIVE ANALYSES

In the past four years, the ACA focused its audits on the priority topic "quality of public-sector service provision: benefit for citizens, cost optimization and a modern-day delivery of tasks". In doing so, it audited in particular whether public funds are used in a needs-based and effective manner for the benefit of the citizens. The numerous recommendations it issued in this regard concerned especially the areas of environment and climate change, old-age care, education,

families, equality, transport and digitalization. Furthermore, for the ACA as an independent public audit body, the issues of compliance, anti-corruption and risk management took centre stage in 2020.

The implementation of the ACA's recommendations falls within the responsibility of the federal government, the provinces, the municipalities or the social insurance providers, depending on their scope of competence. Often, the different players need to interact in order to effectively address the challenges in the above-mentioned areas.

The following presents the qualitative analyses of selected recommendations, which render the successes attained and unrealized potential for action transparent. The following analyses are based exclusively on the information provided by the audited entities in the framework of the ACA's follow-up enquiry.

### ENVIRONMENT AND CLIMATE PROTECTION



In the spirit of sustainability, the ACA repeatedly addresses topics such as natural resource management, security of supply and the increase of energy efficiency in its reports. In doing so, it strives to make a contribution to the lives of the next generations.

The public sector's strategies and plans in the areas of climate and environmental protection should be sufficiently well-defined to allow for a comprehensible evaluation of the efficiency of the measures taken and therefore provide an effective basis for control. The Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology published the 2030 Mobility Master Plan with the aim that from 2030 on only zero-emission new vehicles may be registered in Austria. In doing so, it promised the implementation of the recommendation to define quantified target values for zero-emission new vehicles to be registered by 2030 ("E-Mobility", volume Federation

2020/28). The ministry also partially implemented the recommendation to define concrete targets in the National Energy and Climate Plan for Austria (2021–2030) as well as appropriate measures to fight energy poverty. To this end, it laid the foundation to draw up a road map. In addition, the federal ministry announced to have the green electricity relief evaluated with regard to its effectiveness and accuracy for low-income households as well as the contribution of e-mobility to the achievement of the climate protection goals in accordance with the ACA's recommendation; furthermore, it also took other targeted measures in the area of transport (among others "Energy Industry Measures Against Energy Poverty", volume Federation 2020/23; "E-Mobility", volume Federation 2020/28).

The public sector plays an essential role in ensuring the sustainable supply of essential goods and services to citizens. The aim is to ensure the security of supply of drinking water and the functioning of the sewage disposal system in the long term and in a consistent quality. To this end, targeted incentives should be set to encourage the operators of the plants to carry out the necessary renovations in a timely manner. This recommendation issued by the ACA was partly implemented by both the Federal Ministry of Agriculture, Regions and Tourism as well as the Federal Ministry of Finance ("Subsidies for Urban Water Management", volume Federation 2020/46). At the same time, the Federal Ministry for Climate Action, Environment, Energy,

Mobility, Innovation and Technology promised to peg the feed-in rates more consequently to cost-efficient plants and to the most efficient sites in order to guarantee an efficient use of funds and to continuously increase the production of green electricity ("Subsidies for Green Electricity as Exemplified by Wind Power and Photovoltaics", volume Federation 2020/15). In the report "Salzburg AG für Energy, Verkehr und Telekommunikation – Biogas" (volume Salzburg 2020/3), the ACA recommended to place a stronger emphasis on the possibilities for integrating renewable gas into the national gas grid and to seek economic opportunities for exploiting biogas that is currently being burnt, but not used. The Salzburg AG promised to implement this recommendation.

Also as regards environmental issues, the ACA repeatedly called for an allocation of costs based on the polluter-pays principle. It furthermore urged to make such costs transparent. In order to attain an allocation of sewerage charges based on the polluter-pays principle between the households and the companies and to create an incentive for companies to reduce heavily polluted waste water, it therefore recommended to the province of Lower Austria ("Discharge of Industrial Waste Water", volume Lower Austria 2020/5) to consider an amendment of the calculation of the charges to be paid for the use of sewerage services. The province of Lower Austria, however, failed to implement this recommendation. The Federal Ministry for Climate Action, Environment, Energy, Mobility,

Innovation and Technology, too, failed to heed the recommendation to create transparency on the direct and indirect costs of the expansion of renewable energy and its public-sector funding as well as its funding from subsidies and network charges (“Subsidies for Green Electricity as Exemplified by Wind Power and Photovoltaics”, volume Federation 2020/15).



## OLD-AGE CARE



According to estimates of the European Union, old-age care is the part of the social system that will experience the highest increase in expenditure from a demographic point of view, even surpassing the pension and healthcare systems.

According to the forecasts of Statistics Austria, the share of persons aged 80 and over in need of regular care would – due to demographic changes – rise from about 5% in 2015 to some 12% in 2060. In contrast, the share of people providing informal (private) care will decrease from 4% in 2015 to 1.6% in 2060. Due to the allocation of competences for old-age care in Austria, the different responsibilities are not pooled within a single body: the Federation governs care allowance, the provinces are in charge of in-kind allowances. Taking into account the targeted contributions made by the federal government from the “old-age care fund”, the subsidies for 24-hour care and the professional legal regulations, there is a high degree of mutual dependence between the different levels of government as far as the regulation of old-age care provision is concerned.

The ACA analyses the development of the Austrian old-age care system regularly and initiates significant developments. Nevertheless, complete statistics on the total expenditure for old-age care as well as on the origin and use of the funds across the country were lacking. For 2016, the total costs calculated by the ACA amounted to some EUR 7.9 billion. The Federal Government and a majority of the provinces were in favour of the recommendation to ensure a coordinated approach by means of bodies and instruments suitable for management and control, such as financial plans and needs and development plans. The majority also welcomed the recommendation to develop a sustainable financing system.

With the exception of the provinces of Salzburg and Styria, the audited entities viewed the recommendation to develop a uniform understanding of the quality provided in nursing homes with regard to key areas such as specialized care, quality of life, medical or social care positively. In this way, the persons affected would know which concrete level of service delivery could actually be expected in which care facilities and in which province.

On the whole, the central recommendations issued by the ACA in its report “Old-Age Care in Austria” (i.a. volume Federation 2020/8) are being addressed, but they have not been implemented yet.

## HOSPITALS



In the framework of a follow-up audit, the ACA audited the “Provision of Services by Selected Hospitals in the Province of Styria” (volume Styria 2020/2). In the case of the provincial hospital of Weiz, the ACA had found in its preceding report that the occupancy rate of the department of internal medicine had been over 90%, and by the time of the follow-up audit it had risen to around 97%. Due to the resulting work pressure for doctors and care personnel, such a high occupancy rate could have negative effects on the quality of treatment. The hospital operator Steiermärkische Krankenanstaltengesellschaft m.b.H. set up additional outpatient care facilities in the provincial hospital of Weiz. These measures can contribute to reducing the above-average occupancy of the department of internal medicine.

## EDUCATION AND SCIENCE



As shown by numerous studies (e.g. PISA), the school system in Austria is characterized by comparatively high expenditure (input) and average to below-average pupil performance (output). At overall university level, Austrian universities were hardly featured in the respective rankings.

A complex constitutional allocation of competences and the lack of congruence of responsibilities as regards task performance and expenditure (provinces) and the financing (Federation) of teachers in compulsory schools result in inefficiencies, duplications of efforts and conflicting objectives in the area of education. The regulation on the joint financing of tertiary education institutions further increases the complexity of the payment flows between the local authorities.

In international studies, Austria mostly scored below average in reading literacy. The ACA had recommended to take more structured measures and to coordinate them with other initiatives in order to increase the quality of reading instruction and to thereby sustainably improve the reading skills

of Austrian pupils. This was partially implemented by the Federal Ministry of Education, Science and Research, which informed that it had initiated a comprehensive process for the development of an overall strategic framework to promote reading competence and to enhance reading literacy. New curricula were being developed and were expected to be finalized in autumn 2021. The focus of the new curricula lies on the teaching of competences and on concrete teaching objectives, such as the mandatory mastery of basic competences, the promotion of interests and (high) intellectual abilities, contemporary content and cross-cutting themes (“Promotion of Reading Skills in Schools”, i.a. volume Federation 2020/3).

The school-leaving examination in the form of a centralized examination was introduced at the academic secondary schools in 2015, at the higher technical and vocational schools in 2016 and for candidates taking the vocational school-leaving examination in 2017. As a step towards implementing the ACA’s recommendation to analyse the reasons for the high failure rates in the written examination for the subject of mathematics, the Federal Ministry of Education, Science and Research established a “Mathematics Advisory Group”. This group developed a three-step plan that, among others, clearly defined the long-term goals. What has remained open is an analysis of the causes for the fluctuations as regards the results in the subjects of mathematics (academic

secondary schools) and applied mathematics (higher technical and vocational schools).

Since the school year 2013/14 – the year prior to the introduction of a nationwide centralized school-leaving examination – the proportion of pupils in the 7<sup>th</sup> grade who did not meet the criteria to progress to the next school grade has risen by one percentage point throughout Austria. With an increase by one percentage point, Upper Austria was within the Austrian average, whereas in Carinthia the share of pupils not progressing to the next school grade increased by four percentage points. Irrespective of this, the failure rates in Carinthia were higher than in Upper Austria. The education directorate for Carinthia stated that it was analysing the significant rise in the rate of pupils in the 7<sup>th</sup> grade of academic secondary schools who failed to progress to the next school grade and was striving to bring about improvements (“Centralized School-Leaving Examination”, volume Federal Government 2020/22).

In its follow-up audit “Austrian Higher Education Area” (volume Federation 2020/40), the ACA recommended to ascertain the causes and influencing factors of the higher number of university graduates in Switzerland and to take further measures. The Federal Ministry of Education, Science and Research heeded this recommendation: in September 2019, it engaged in an exchange of experience with representatives of the Swiss higher education system. The Ministry

intends to increase the binding nature of studying. This is to be achieved through numerous measures, e.g. through access procedures, the improvement of supervision ratios and adaptations in study law.

## FAMILIES



In Austria, families are supported by various benefits granted by different entities and levels of government or social insurance providers. The ACA would wish for an efficient management of the benefits, so that the eligible person receives the relevant benefit as quickly as possible. In addition, the ACA focuses on the alignment and the exchange of information between the entities involved.

According to the information provided by the Federal Chancellery and the Austrian Health Insurance Fund, advice and information provided to the citizens as well as the administration with regard to the benefits pursuant to the Childcare Allowance Act (Kinderbetreuungsgeldgesetz) were improved. As recommended by the ACA, the Federal Chancellery and the Austrian

Health Insurance Fund took a number of measures to take greater account of the considerable need for individual advice on benefits under the Childcare Allowance Act and to increasingly adapt the advice and information offered to the needs of parents. In addition, the Austrian Health Insurance Fund implemented the ACA's recommendation to identify reasons for avoidable delays that are within its own area of responsibility and to realize measures to shorten the processing time, among others, by way of organizational restructuring and training measures. Also, the recording of benefits under the Childcare Allowance Act in the transparency database is being improved on an ongoing basis.

The Federal Chancellery should, according to the ACA's recommendation, define guidelines for the exchange of information between health insurance providers and tax offices, which should, in any case, take into account the compulsory mutual notification of changes in matters relevant to pay-outs. The Federal Chancellery failed to implement this recommendation ("Benefits Pursuant to the Childcare Allowance Act", volume Federation 2020/24).

## EQUALITY AND DIVERSITY



The federal government, the provinces and the municipalities of Austria have been required by the Federal Constitutional Law to pursue, in their financial management, the goal of establishing actual equality between women and men. The ACA has set itself the goal to create transparency in the areas of equality and diversity. In its reports, it has therefore time and again revealed objectively unjustifiable differences and inequalities between women and men.

At the Federal Ministry of Finance, the ACA assessed the degree of implementation of its report on gender aspects in income tax law with a focus on earnings tax. The gender pay gap is the percentage difference between the median gross hourly earnings of men and women. In 2018, this figure was at 19.6% in Austria. In other words, the wages of women were lower by almost one-fifth than those of men, making Austria the state with the fifth largest percentage rate among all EU member states. The Federal Ministry of Finance worked towards a reduction of the entry tax rate with the aim of creating a positive fiscal incentive to work; however, disincentives to work were not reduced insofar

as those tax benefits that promote an unequal distribution of paid and unpaid work continue to exist.

By reducing the tax burden on low incomes as regards social insurance contributions, the ministry has taken a measure to reduce the gender pay gap. However, further measures, such as a review of the Income Tax Act (Einkommensteuergesetz) for provisions relevant to the gender pay gap, remained unaddressed.

The Federal Ministry of Finance was of the view that the implementation of the ACA's central recommendation to work towards an equality strategy, which would be valid across all ministries and regions, with the purpose of equally distributing paid and unpaid work to reduce the gender pay gap did not fall within its scope of responsibility. It therefore did not heed the ACA's recommendation to actively pursue the preparation of a gender equality strategy. Such a gender equality strategy should in particular address the gender-specific differences in the Austrian labour market and the reconciliation of family and work life related thereto. Although the gender equality objective in the budget chapter "Public Taxes and Contributions" includes the entire tax system, the Federal Ministry of Finance has continued to focus on income tax law. It therefore failed to implement another central recommendation of the ACA.

As regards the ministry's goal (more equal distribution of paid and unpaid

work between women and men), it failed to carry out the recommended evaluation of the extent to which the so-called Family Bonus Plus is better suitable for attaining this goal than the eliminated measures concerning child allowance and the deductibility of childcare costs (“Gender Aspects in Income Tax Law with a Focus on Earnings Tax”; Follow-up Audit”, volume Federation 2020/33).

Also in 2020, the ACA repeatedly recommended to increase the share of women in management positions and/or the share of women generally. The Geological Survey of Austria promised to implement this recommendation and stated that it would step up its efforts to increase the share of women in project management (“Geological Survey of Austria”, volume Federation 2020/13). The Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology and the OeMAG Abwicklungsstelle für Ökostrom AG have not yet implemented the recommendation to give consideration to the appointment of women to supervisory boards (“Subsidies for Green Electricity as Exemplified by Wind Power and Photovoltaics”, volume Federation 2020/15). The Federal Ministry of Justice partly heeded the ACA’s recommendation to make vacancies in the Prison Guard more appealing to women by specifically addressing them in the recruitment process to further increase the share

of women (“Management and Coordination of the Execution of Sentences and Measures”, volume Federation 2020/10). The ACA also succeeded with its recommendations in the framework of its audit of the “Federal Research and Training Centre for Forests, Natural Hazards and Landscape” (volume Federation 2020/16). The latter developed, for example, a plan for the advancement of women and a plan for equal opportunities, which also contains reference values for the filling of vacancies with women in different positions.

The ACA attaches great importance to the equal access to public services for people with disabilities. In 2020, it identified potential for action with regard to accessible housing in two reports: it recommended, for example, to the province of Vorarlberg to assess the medium- and long-term need for accessible apartments and present a proposal to the provincial legislator on a needs-based proportion for the construction of such apartments. The province of Vorarlberg did not heed the recommendation (“Targeted Contribution to Housing Subsidies from 2015 to 2018”, volume Vorarlberg 2020/2).

In its report “House of Music in Innsbruck” (volume Tyrol 2020/2), the ACA recommended to identify and quickly implement the measures that need to be taken to ensure accessibility (such as handrails, safety guards and railings).

The Innsbrucker Immobilien GmbH & Co KG implemented the majority of the recommendations. The city of Innsbruck promised to pay increased attention to accessibility.

## TRANSPORT



Transport projects are usually associated with a high input of public funds for the planning, construction and maintenance of infrastructure. It is, in essence, the responsibility of the state to provide for transport routes, public transport and other infrastructure. The transport sector, too, is shaped by the constitutional allocation of competences between the federal government, the provinces and the municipalities. In 2020, the ACA conducted two audits in the area of public transport.

The Wiener Linien, Vienna's public transport operator, heeded the ACA's recommendation issued in the report "Wiener Linien – Modernization of the U4 Underground Line" (volume Vienna 2020/3) as regards open communication and thereby improved the provision of information for passengers and the media. By engaging in a transparent communication with the public, the Wiener Linien underlined that the modernization of the infrastructure of the U4 underground line could contribute to increasing the reliability of operations only to a limited extent as only 14% of the cases of downtime were attributable to the infrastructure.

The Wiener Linien partly implemented the recommendation to regulate cost planning and tracking throughout the company, taking into account the principles of the ACA Construction Guideline published by the ACA in 2018.

The ACA reached a success with its audit of the "Traunseetram" (volumes Federation 2020/34, Upper Austria 2020/5). The Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology, for example, informed the ACA that it would consider the expected use of funds not only for its own local authority, but also across all local authorities when taking decisions on infrastructure projects. The province of Upper Austria and the municipality of Gmunden also agreed to this approach. Furthermore, the Federal Government, the province of Upper Austria and the municipality of Gmunden promised to provide for public transport that is as attractive as possible for the citizens. Therefore, the implementation of the Engelhof depot, the Kirchham switch (15-minute intervals) and the Park&Ride facility in the area of the Engelhof station would be guaranteed. Furthermore, the accessibility of the stops would be improved.

## DIGITALIZATION



The public sector has an important role to play in promoting digitalization in society and in harnessing its opportunities and potential. It is essential to ensure that all citizens have easy access to digital information and services.

All stakeholders (local authorities, social insurance providers, chambers, businesses etc.) should be involved in the creation and implementation of a nationwide digitalization strategy. In accordance with the ACA's recommendations, the Federal Ministry for Digital and Economic Affairs assumed responsibility for the design and coordination of the elaboration of the digitalization strategy (Digital Action Plan Austria). The commitment to and implementation of the strategy were decided through several submissions to the Council of Ministers. The ministry's digitalization projects were implemented at the federal level as a matter of priority in such a way that they can also be used by other levels of government; a concrete participation of all levels of government would still be necessary ("Federal Digital Strategy", volume Federation 2020/11).

In order to manage large amounts of data more efficiently, to store them centrally, to facilitate the retrieval of certain information and thus to tap into synergies, the ACA recommended several times that databases be set up. The Federal Ministry of Finance implemented a database for federal companies. In doing so, it enabled access to a uniform data basis for the management control of equity interests for all units of the ministry concerned with investments ("Federal Companies", volume Federation 2020/12). With the cultural assets and cultural sites database, the Federal Monuments Authority Austria, too, created a uniform database ("Federal Monuments Authority Austria; Follow-up Audit"; volume Federation 2020/32).

The connection of further offices to existing databases can avoid inefficiencies, improve the overview across all levels of government and reduce the administrative burden. As recommended by the ACA, the Federal Chancellery set up an automated interface between the IT system for childcare allowance and the IT system for family allowance. It could therefore attain a timely and automated reconciliation of data and thereby reduce the risk of an unlawful disbursement of benefits made pursuant to the Childcare Allowance Act ("Benefits Pursuant to the Childcare Allowance Act", volume Federation 2020/24).

The easy and user-friendly access to services and information in the field

of digital infrastructure is essential for citizens. The Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology promised to implement the recommendation to set up a user-friendly identification and billing system for electric charging stations for e-vehicles ("E-Mobility", volume Federation 2020/28). The University of Graz promised to ensure a user-friendly operation of the learning platform for applicants ("Admission Procedure for Human Medicine and Dentistry", volume Federation 2020/47). Furthermore, the mobility platform provider "Verkehrsauskunft Österreich VAO GmbH" (volume Federation 2020/25) will, together with its shareholders, conduct a survey on the user-friendliness of its route planner among end customers and introduce a tracking system in the VAO apps, which is compliant with data protection, to ensure a better user experience.

## COMPLIANCE AND ANTI-CORRUPTION



Corruption, mismanagement and self-serving actions aimed at personal gain damage Austria's reputation as a reliable business location, they reduce public confidence in the reliability and objectivity of the public service and, as a consequence, in the rule of law and democracy. The fight against and prevention of corruption are becoming increasingly important both at the national and the international level. In its reports, the ACA has therefore repeatedly pointed to potential for action in this regard.

It recommended to the cities of Graz and Salzburg to set up a central office for corruption prevention with explicitly defined tasks (e.g. advisory activities, regular reporting). The city of Salzburg had started to implement the recommendation. This also included the establishment of an internal audit unit in accordance with the standards. The city of Graz continued to develop a comprehensive and structured corruption prevention system. The city of Innsbruck will not set up a standard-compliant internal audit. However, it heeded the ACA's recommendation

to define the probability of occurrence and the extent of damage in the framework of its risk analysis ("Corruption Prevention Systems at the City Administrations of Graz, Innsbruck and Salzburg", volumes Salzburg 2020/5, Styria 2020/7, Tyrol 2020/3).

The "Museum of Military History" (volume Federation 2020/37) (volume Federation 2020/37) agreed to implement the ACA's recommendation on compliance management. In consultation with the Federal Ministry of Defence, it will introduce a compliance management system and take into account the specificities of the museums' operations. Within the framework of a programme, possible corruption offences or conflicts of interest are identified, concrete codes of conduct and action for staff members are documented and training measures are defined.

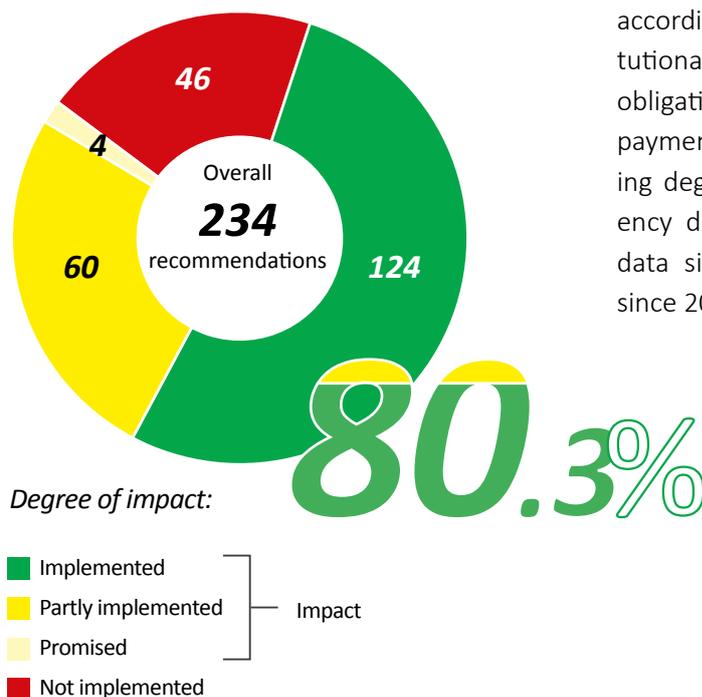
Upon the ACA's recommendation, the Agrarmarkt Austria Marketing GesmbH reviewed its code of conduct and took into account all issues related to compliance, in particular the topic of secondary employment. It now has a comprehensive code of conduct ("Agrarmarkt Austria Marketing GesmbH"; Follow-up Audit, volume Federation 2020/5).

### 3.2 FOLLOW-UP AUDITS 2021

Based on the results of the enquiry, the ACA ascertains the actual implementation of its recommendations on site. These so-called follow-up audits are the second stage of the outcome assessment process.

In 2021, the ACA published 15 follow-up audit reports. Therein, it assessed the implementation of 234 recommendations: 124 (53.0%) had been implemented fully and 60 (25.6%) had been implemented partly. As far as four recommendations (1.7%) are concerned, the audited entities promised their implementation. This shows that 80.3% of the ACA’s recommendations had made an impact. 46 recommendations (19.7%) had not been implemented. As regards four recommendations, no case had arisen in which they could have been applied.

*All assessed recommendations in 2021:*



The qualitative analysis shows a more nuanced picture: several follow-up audits revealed that the central recommendations had remained unheeded, such as those presented in the follow-up audit report “Transparency Database – Costs and Benefits, Targets and Target Achievement” (volume Federation 2021/11). The transparency database was established to ensure a concise presentation of public services, the provision of support for the verification of eligibility requirements and the provision of information for a more efficient use of public funds. This follow-up report, however, shows that the Federal Ministry of Finance still had no overview of how many reportable services had not been entered into the transparency database in the audited years, namely from 2015 to May 2020. The provinces recorded their services in the transparency database based on the agreement between the federal government and the provinces according to Article 15a of the Federal Constitutional Law. There was, however, no legal obligation to also report the corresponding payments. The provinces transferred, to varying degrees, payment data to the transparency database: Upper Austria has entered data since 2017, Lower Austria and Tyrol since 2018, Vorarlberg since 2019.

In its preceding report, the ACA had pointed to the fact that both the Federation as well as the provinces had the competence to issue regulations regarding the transparency database. However, a legal basis defining the competences for establishing a transparency database across all levels of government was lacking. No uniform notification requirements have been established for the federal government, the provinces and the municipalities. Although the Federal Ministry of Finance had taken steps to prepare an inclusion of the transparency database in the Federal Constitutional Law, no corresponding draft legislation was available at the time of the follow-up

audit. The ACA therefore upholds its recommendation issued to the Federal Ministry of Finance to advocate for a constitutional provision to clarify the competences as regards the transparency database and to prepare a corresponding draft law.

The ACA also identified a need for action in its report “Protection Forest Management at the Österreichische Bundesforste AG” (volume Federation 2021/21): only about a quarter of the protection forest areas, which comprise 154,000 hectares and are managed by the Österreichische Bundesforste AG (Austrian Federal Forests), are in a good condition.

We audit, independently and objectively. At your service.

## PROTECTION FOREST MANAGEMENT AT THE ÖSTERREICHISCHE BUNDESFORSTE AG





**12%** 

The protective effect of forests is declining constantly. **Action** will have to **be taken within the next ten years**





**62%** 

Forests still have a protective effect, but **negative developments** are becoming apparent. **Action** will have to **be taken within the next 20 years**.

The report “Transport Infrastructure of the Federation – Strategy, Planning and Financing; Follow-up Audit and COVID-19 Implications” (volume Federation 2021/33) should be mentioned as a positive example. Of the overall twelve assessed recommendations, the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology implemented five fully and five partly. The implementation of one recommendation was promised. As regards another recommendation, no case had arisen by the time of the follow-up audit in which it could have been applied. No recommendation had to be assessed as “not implemented”.

Originally the ACA had recommended to the Federal Ministry for Climate Action to coordinate and publish a long-term strategy for the expansion of the high-level road network with the Austrian road operator ASFINAG. In accordance with this recommendation, the ministry had initiated a coordination process. Once this process is completed, a prioritization of the planned projects in the high-level road network should be available, which would then form the basis for the construction programme for the period of 2021 to 2026. The consultation process with ASFINAG, however, was still ongoing at the time of the follow-up audit.

The report “Day Care for Pupils; Follow-up Audit” (volume Federation 2021/26) also had an impact: in its preceding report, the ACA had recommended to the Federal Ministry of Education, Science and Research to prepare possible solutions for holiday care in the course of the further development of school day care.

In their follow-up report the auditors found that the Federal Ministry of Education had partly implemented the above-mentioned recommendation: with the Education Investment Act 2019 (Bildungsinvestitionsgesetz 2019) it had, on the one hand, promoted extracurricular holiday care, but was, on the other hand, not able to present to the ACA any possible solutions for holiday care at schools. The provision of care during the holiday period at general compulsory schools depended on the willingness of the school operators. Furthermore, no care had been provided for the holiday period as far as the first stage of academic secondary schools was concerned. In order to enable the provision of care for pupils also during the holidays, the ACA therefore upholds its recommendation issued to the Federal Ministry of Education.

In the follow-up report, the auditors also looked into the measures taken in the context of the COVID-19 pandemic. Due to the pandemic, schools were closed from mid-March to mid-May 2020. In mid-March 2020, 0.5% of around 680,000 pupils attended school. As the duration of the first lockdown increased, the number of pupils attending school rose to 4.8% (mid-May 2020).

In early June 2020, the Federal Ministry of Education presented the concept for a two-week summer school to promote German as a language of instruction. This was to compensate for deficits that had arisen among pupils from disadvantaged groups who had been particularly affected by the school closures and to enable them to start the new school year with equal opportunities. The ACA considers the summer school as a support programme for pupils with difficulties in German as a language of instruction. Moreo-

ver, this concept creates an example for the implementation of the recommendation to prepare possible solutions for holiday care at schools in the course of the further development of school day care. The auditors recommend to the Federal Ministry of Education to consider the summer school as a first example of a school programme during the holiday period and, in line with this, to evaluate it with regard to all-day care.

The ACA also addresses current developments in other follow-up reports, such as in its report on the non-profit housing association “GESIBA Gemeinnützige Siedlungs- und Bauaktiengesellschaft; Follow-up Audit” (volume Vienna 2021/8). The GESIBA is owned by the City of Vienna (99.97%) and the Österreichischer Siedlerverband (Austrian Settlers’ Association; 0.03%). In addition to ascertaining the degree of implementation of selected recommendations issued in its preceding report, the ACA also assessed GESIBA’s investment of liquid funds.

GESIBA had also invested funds with an Austrian regional bank that was prohibited from continuing its business operations by the Financial Market Authority in mid-July 2020. Insolvency proceedings were opened against this bank in end-July 2020. This resulted in a provisional loss of EUR 17.20 million on the deposits managed by GESIBA at this bank (as at November 2020).

In the follow-up report, the auditors critically note that this could reduce the GESIBA Group’s annual result for 2020 by up to EUR 13.70 million (as at November 2020). A provisional loss of EUR 850,000 was incurred for the reserves of a property owners’ association.





*The ACA regularly  
provides its expert opinion  
on draft laws and ordinances.*

## 4 CONSULTATION ON DRAFT LEGISLATION

In the framework of the official consultation process, the ACA regularly provides expert comments on draft laws and ordinances. The Federal Organic Budget Act (Bundeshaushaltsgesetz) requires every federal minister to attach a presentation on the outcome-oriented impact assessment in terms of major effects to every draft bill and ordinance submitted by his or her ministry. In the framework of this process, the financial implications for the federal statement of assets, the cash-flow statement and the operating statement for the current and, as a minimum, for the next four fiscal years must be quantified, as well as the financial implications for the provinces, municipalities and social insurance providers, and the long-term impact on the federal budget. The principles of relevance, consistency in content, understandability, plausibility, comparability and verifiability are to be respected in the framework of providing information with regard to the assessment of the financial implications.

In consultations on draft legislation, the ACA assesses in particular the financial implications of the new legislation for public finances and the degree of implementation of the ACA's recommendations from earlier audits. In addition, the ACA deals intensively with the content of the respective draft laws and ordinances by assessing whether planned measures appear to be adequate and efficient with regard to governance or whether they can lead to improvements in the flow of processes.

### 4.1 FEDERATION

In general, the consultation period for the submission of comments should be at least six weeks. In 2021, the ACA fell, in part, significantly below this six-week deadline with 114 of the submitted legislative drafts. This concerned the draft legislation pertaining to the scope of competence of several ministries. In this context, the ACA critically notes that especially legislative projects with significant financial implications have been subject to a very short consultation period. As an example, the merely three-day-long consultation period provided for the draft of the Telework Legislative Package 2021 submitted by the Federal Ministry of Labour shall be mentioned.

While the ACA acknowledges that in justified cases the period for providing expert comments had to be shortened this year due to the implementation of measures in response to the COVID-19 pandemic, it critically notes that it was also given deadlines of only a few working days to comment on drafts unrelated to any measures adopted to fight the COVID-19 crisis.

The ACA notes that a sufficiently long consultation period should be a minimum standard for legislative procedures. This would also increase the number of bodies, players and stakeholders who can provide an expert opinion, which, in turn, contributes to an informed decision-making process.

In 2021, the ACA received a total of 136 draft laws and ordinances for comments from the Federal Administration (cut-off date 30 November 2020). Based on the legislative drafts

submitted to the ACA, the following assessment of the information provided on their financial implications can be made:

Federal Ministry	Plausible information	Insufficient information
Federal Chancellery	2	2
Federal Ministry for Agriculture, Regions and Tourism	5	1
Federal Ministry for Arts, Culture, the Civil Service and Sport	4	0
Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology	21	4
Federal Ministry for Digital and Economic Affairs	6	2
Federal Ministry for European and International Affairs	2	0
Federal Ministry of Labour	5	2
Federal Ministry of Defence	1	0
Federal Ministry of Education, Science and Research	13	4
Federal Ministry of Finance	9	6
Federal Ministry of Justice	12	4
Federal Ministry of Social Affairs, Health, Care and Consumer Protection	16	6
Federal Ministry of the Interior	8	1
<b>Overall</b>	<b>104</b>	<b>32</b>

## 4.2 PROVINCES

In 2021, the ACA also commented on draft legislation of the provinces of Carinthia, Lower Austria, Styria, Upper Austria and Vorarlberg. No consistent obligation to carry out a cost calculation exists at the provincial level; only the Upper Austrian and Burgenland constitutions and the Styrian Budget Act provide for the ascertainment and presentation of the financial implications of new legislation.

In 2021, the ACA received a total of 69 draft laws and ordinances from the above-mentioned provinces for comments (cut-off date 30 November 2021). They contained information on their financial implications to the following extent:

Province	Plausible information	Insufficient information
Carinthia	20	7
Lower Austria	5	2
Styria	4	1
Upper Austria	12	3
Vorarlberg	13	2
<b>Overall</b>	<b>54</b>	<b>15</b>

### 4.3 SELECTED COMMENTS

The ACA publishes its expert comments on draft laws and ordinances on its website at [www.rechnungshof.gv.at](http://www.rechnungshof.gv.at). Here are some examples:

**Draft of the Freedom of Information Act (Informationsfreiheitsgesetz) and amendments to the Federal Constitutional Law as well as to the Court of Audit Act 1948 (Rechnungshofgesetz 1948) (“Freedom of Information Package”)**

In March 2021, the ACA issued a comprehensive expert comment on this draft law. On the one hand, with regard to the necessary oversight over the use of public funds, since the draft – in response to a long-standing call of the ACA – provides for the extension of the ACA’s mandate to audit companies in which the public sector holds a share of 25% or more. On the other hand, also with regard to the draft’s intention to make government action more transparent by improving citizens’ access to government information.

According to the ACA, creating transparency is a decisive factor for the prevention of corruption as well as for public participation. Correspondingly, the paradigm shift from the existing official secrecy to proactively providing citizens with information in the future was viewed positively; however, clearer definitions – e.g. of the term “information of general interest” – should be provided and fundamental issues as regards the protection of interests should be clarified in advance.

In addition, the ACA pointed to the facts that

- duplications of efforts and multiple publications should be avoided when creating the information register provided for in the draft,
- the exemption of listed companies from the duty to provide information counteracts the notion of transparency put forward in the draft, and
- the latter could lead to objectively unjustifiable differences, for instance with regard to energy companies, e.g. between the listed company EVN AG and the Wien Energie Vertrieb GmbH & Co KG, which is not listed.

In the ACA’s opinion, the extension of its mandate to audit companies in which the public sector holds a share of 25% or more is of particular importance. This has to be considered against the backdrop that by now already five provincial audit institutions (since the beginning of this year also the provincial audit institution of Lower Austria) are entitled to audit the financial management of provincial companies (and in part also of companies of municipalities with less than 10,000 inhabitants) of which the public share amounts to 25% or more within their mandates, which means that the ACA’s mandate to audit in this area is comparatively restricted. In many companies a share slightly exceeding 25% is considered to be sufficient to safeguard public interests. In the ACA’s opinion, this threshold must therefore all the more apply to the ACA’s mandate in order to ensure the most economic and effective use of public funds and to safeguard parliamentary oversight and transparency. Through the ACA’s audits, the public interest in such companies is even better safeguarded and guaranteed.

The ACA critically noted that in the case of listed companies, legal entities subject to the audit by the ACA are still required to hold a share of at least 50% in order for those companies to be covered by the ACA's mandate. This is incomprehensible since

- also in accordance with the Constitutional Court's decisions, the ACA's mandate to audit does not depend on a company's legal form,
- the Flughafen Wien AG (Vienna Airport), the shares of which are traded on the stock exchange, would continue to not be subject to the ACA's audits, even though there is no doubt that the development of the Vienna Airport is in the interest of the Austrian public with regard to safeguarding transport infrastructure,
- such a regulation does not fully fulfil the draft's explicit objective, namely creating "transparency of companies with a public minority share", as in the case of an initial public offering (IPO), a company in which the public sector holds a share of 25% to 50% would no longer be subject to the ACA's mandate to audit.

The ACA therefore suggested to rethink the restriction to non-listed companies as a matter of principle and against the backdrop of the Flughafen Wien AG (Vienna Airport).

In the framework of the consultation process, the ACA also made other suggestions. These concerned the "income survey" as defined in Article 121 para. 4 of the Federal Constitutional Law. The ACA is required to report on emoluments of members of managing boards and managing directors of the Federation's organizational units, but not in the case of companies of the provinces and municipalities. This results in a transparency deficit. In order to obtain a complete picture of management emoluments

in an industry comparison, the ACA should be able to include all companies subject to its mandate in the income survey. Consequently, the ACA would also report to provincial parliaments.

In addition, the ACA suggested to set the comment period to one month in order to speed up publication of reports. The reason therefor being that at the provincial audit institutions deadlines are consistently shorter and the draft of the Freedom of Information Act (Informationsfreiheitsgesetz) generally provides for the processing of information requests within four weeks.

Furthermore, the ACA pointed to a deviating statutory provision on the audit of university companies. This concerns the shareholding threshold where a difference exists between the Universities Act 2002 (Universitätsgesetz 2002) ("share of more than 50%") and the Federal Constitutional Law and the Court of Audit Act ("share of 50% or more"). In this context, the ACA suggested an appropriate clarification.

The ACA notes that the comment period for the Freedom of Information Package ended in April 2021; however, no further implementation steps have been taken to date. Thus, the entry into force of this important legislative package remains uncertain.

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In the framework of the consultation process, the ACA furthermore critically noted that the draft did not include the second part of the

Oversight and Transparency Package, including the ACA's audit rights regarding audits pursuant to the Political Parties Act (Parteiengesetz). Consequently, this implementation step provided for in the government agreement was lacking. See [chapter 1.5 "Political Parties Act and audit by the ACA"](#).

#### **Draft of a telework legislative package 2021**

The draft was aimed at re-regulating aspects of telework and remote work under tax law and employment contracts, since these forms of work increased due to the COVID-19 crisis, at least in some areas. With regard to this draft, the ACA noted in particular the following:

- aspects of IT security when using private IT equipment and the required alignment of tax reliefs for the professional use of private digital work equipment when working from home with statutory and security requirements for remote work,
- possible execution problems with regard to the working-from-home lump sum to be claimed as income-related expenses in relation to the regulation on the recognition of an employee's income-related expenses for "ergonomically suitable furniture" when working from home, and
- the time limit of the planned tax benefits, which is to be seen positively against the backdrop of the ACA's long-standing recommendation.

**Draft of the restructuring of the Federal Office for the Protection of the Constitution and Counterterrorism (Bundesamt für Verfassungsschutz und Terrorismusbekämpfung) – amendment to the Police State Protection Act (Polizeiliches Staatsschutzgesetz), the Criminal Code (Strafgesetzbuch) and the Code of Criminal Procedure 1975 (Strafprozessordnung 1975)**

Due to the reorganization need in the Federal Office for the Protection of the Constitution and Counterterrorism – in response to international requirements and the events of recent years – the ACA considered the objectives of organizational restructuring and professionalization in terms of content, which are pursued in the draft, to be a necessary and therefore, in principle, an important step. In addition, it deemed the draft's planned measures on quality assurance – such as an increase in the quality of the service performance of the Office for the Protection of the Constitution, taking into consideration the international context – to be appropriate. The same applies to the suggested regulations, such as the implementation of quality standards, risk management and internal control systems as well as the "cooling off" phase for leadership functions in order to avoid incompatibilities.

However, the ACA was critical of the draft's proposed regulation on securing evidence in authorities and public offices, since, among others,

- the regulation would not be limited to "sensitive intelligence" or "classified information", but it would also apply to all written records and data storage media, the handover of which would have to be requested by way of a request for administrative assistance as defined in the Code of Criminal Procedure, and
- seizures for the purposes of criminal proceedings would in future only be possible in exceptional cases also in the case of statutory associations of professions, employers or employees (chambers), social insurance providers and public schools or hospitals.

Against this backdrop, it should be positively noted that the ACA's points of criticism were

taken into account in the further course of the consultation process and the corresponding regulations of the Code of Criminal Procedure on those matters were adopted in an amended manner.

**Draft of an amendment to the Universities Act 2002 (Universitätsgesetz 2002), the University of Applied Sciences Act (Fachhochschulgesetz), the Private Universities Act (Privatuniversitätengesetz), the Act on Quality Assurance in Higher Education (Hochschul-Qualitätssicherungsgesetz) and the Act on the Organization of University Colleges of Teacher Education 2005 (Hochschulgesetz 2005)**

The ACA noted that the introduction of more academic degrees as provided for in the draft – also in cooperation with non-university legal entities – only took very limited account of the objectives of title clarity (objective 4) and the standardization of the legal framework (objective 1), which were, in principle, aims of the draft.

Since the ACA noted in its report “Admission Procedure for Human Medicine and Dentistry” (volume Federation 2020/47) that in the specific design of the ordinance on university admission an objectively comprehensible selection of university applicants would have to be taken into account in consideration of the requirement of objectivity, it considered the definition of award criteria in the performance agreements, which have to be renegotiated every three years, to be inappropriate.

In addition, the ACA’s expert comment pointed to the required alignment of the Universities Act with the regulations for audits of foundations, funds and associations as well as federal companies. At present, the

statutory provisions differ in terms of the shareholding threshold: “share of more than 50%” pursuant to the Universities Act vs. “share of 50% or more” pursuant to the Federal Constitutional Law and the Court of Audit Act. Since according to the Universities Act the Federation is under the obligation to finance the universities, the ACA suggested to clarify this discrepancy.

#### **Draft of the eco-social tax reform 2022**

At the beginning of November 2021, the Federal Ministry of Finance, the Federal Ministry for Climate Action and the Federal Ministry of Social Affairs presented three drafts of an eco-social tax reform 2022, which, among others, are aimed at taking into account the necessity of climate protection measures, which the ACA stressed in its report “Climate Protection in Austria – Measures and Target Attainment 2020” (volume Federation 2021/16). Among the key elements are carbon pricing as well as tax incentives for thermal renovation and/or replacement of heating systems that can make a contribution to reducing CO<sub>2</sub> emissions and therefore to achieving the climate targets.

The ACA issued three comprehensive expert comments on these projects, which addressed the following main points:

- In the spirit of climate protection, the planned measures in the area of carbon pricing are considered a necessary step that has long been overdue. In principle, the ACA is in favour of taking steps towards greening the tax system.
- However, the proposed regulations only make a small contribution to the greenhouse gas reduction that Austria has to achieve by 2030 in order to meet the 2030 climate targets. Therefore, the ACA pointed to the fact that further effective measures

to reduce greenhouse gas emissions need to be quickly initiated in order to achieve the climate targets 2030 and 2050.

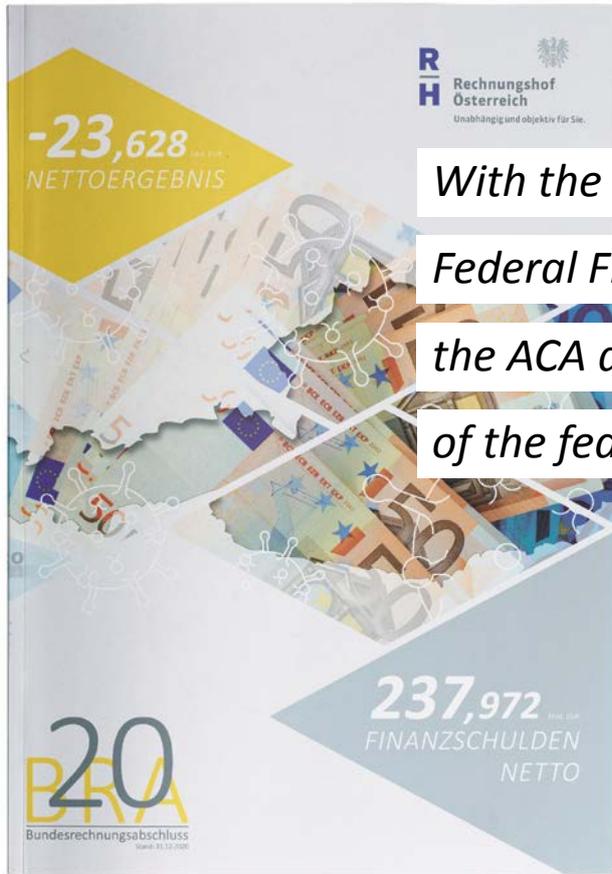
The concept of a climate bonus does not result in the appropriate levels of CO<sub>2</sub> reduction. This is because the amount of the climate bonus increases for natural persons if public transportation infrastructure is lacking in their area. As far as mobility is concerned, it is thus linked to an increase in fossil energy consumption. In the ACA's opinion, incentives for switching to climate neutral behaviour should be created. In order to reveal the true costs with regard to CO<sub>2</sub> emissions, it is planned to introduce a national emissions certificate. However, the draft law on the national emissions certificate trading 2022 (Emissionszertifikatehandelsgesetz 2022) delegates the power to issue ordinances to 18 entities. In doing so, key aspects of the suggested carbon pricing will remain to be defined at a later point in time.

- The ACA was also critical of the execution of both the new emissions certificate trading and the climate bonus. This is because, on the one hand, it is planned to create a new office in the Federal Ministry of Finance for the national emissions certificate trading. The ACA noted that for the execution of the Emissions Certificate Act 2011 (Emissionszertifikatengesetz 2011) there is already a public authority with a comparable area of activity. On the other hand, because it is planned that the Federal Ministry for Climate Action will be responsible for processing pay-outs of the climate bonus. Consequently, synergy potentials owing to already existing infrastructure (for example in the financial administration) remain unused. In principle, the ACA believes that multiple responsibilities and duplications of efforts should be avoided.

- With regard to the funding of the climate bonus, the ACA noted that both the amount of pay-outs for the climate bonus and the estimated revenue generated by carbon pricing are subject to uncertainty due to their dependence on various factors that are difficult to estimate. In addition, the expenditure for the climate bonus would exceed the revenue – less the planned exemptions – generated by carbon pricing.

In addition to the above-mentioned greening measures, the draft law also contained tax reliefs (e.g. in the case of income tax), reliefs for companies (e.g. reintroduction of the investment allowance) and other relief measures (e.g. tax allowance for families, the so-called Family Bonus Plus, child-related deductible amount). As far as tax law is concerned, the ACA criticized the introduction of numerous new benefits (in view of the complexity of the body of law), the partial lack of time limits for benefits and the lack of analysis as to whether intended benefits should be provided via tax law (indirect subsidies) or rather via direct subsidies. In any case, direct and indirect subsidies should be closely coordinated with regard to objectives and the achievement of objectives in order to exclude the parallel subsidization of the same circumstances by different subsidy regimes.

The third part of the draft law on the eco-social tax reform 2022 dealt with the reduction and graduation of health insurance contributions. In this context, the ACA addressed the issue of the increasingly complex execution due to differing contribution rates, especially for employees with multiple insurances. The ACA pointed to the need for an annual settlement of any and all insurance relationships in order to avoid unjustified preferential treatment.



*With the Report on the  
Federal Financial Statements  
the ACA audits all financial statements  
of the federal government.*



*Every other year  
the ACA publishes the report  
on the average incomes of  
the Austrian population.*



## 5 SPECIAL TASKS

In addition to its core functions – auditing and providing advice – a number of special tasks have also been assigned to the ACA. Here is an overview:

### 5.1 REPORT ON THE FEDERAL FINANCIAL STATEMENTS

Each year, the ACA prepares and publishes the Report on the Federal Financial Statements by 30 June. See [chapter 1.2 “Public budgets in times of the pandemic”](#).

### 5.2 INCOME REPORTS

Every other year, the ACA publishes the report on the average incomes of the Austrian population broken down by industries, professional groups, gender and functions. It furthermore provides data on the incomes of employed and

self-employed persons, incomes in the fields of agriculture and forestry and incomes of retired persons. The most recent [“General Income Report”](#) was published on 18 December 2020.

In the respective subsequent year, the ACA publishes the report on the incomes at federal public-sector companies and institutions. Therein contained are the average incomes of executive board members, supervisory board members and of all employees of federal companies and institutions that are subject to its audits. The report [“Average Income and Additional Pension Contributions in Public Companies and Federal Institutions 2019 and 2020”](#) was submitted by the ACA to the National Council on 21 December 2021. The most important results are outlined in the summary table below.

Year	2017	2018	2019	2020
Number of companies and institutions	423	427	427	426
General income of executive board members / executive directors per FTE in EUR	211,400	218,300	215,900	220,600
General income of employees per FTE in EUR	54,100	55,200	57,000	57,300
Share of women in executive boards / female executive directors in %	20.5	21.6	21.1	22.1
Average income of female executive board members in % of the average income of their male colleagues	80.0	79.4	82.8	77.3
Share of women in supervisory boards in %	30.6	31.4	31.7	34.2
Average remuneration of female supervisory board members in % of the average remuneration of their male colleagues	86.2	83.5	86.5	89.6
Additional contributions to pensions in EUR million	540.07	543.71	546.72	550.59

FTE: Full-time equivalent

Source: ACA Income Survey

The ACA underlines that the table contains only the data related to income in federal companies and institutions. As regards the incomes in

provincial and municipal companies and institutions, such a transparency is lacking.

### 5.3 COUNTERSIGNATURE OF FINANCIAL DEBTS

All federal debt instruments, in so far as they create a liability for the Federation, shall be countersigned by the president of the ACA. In doing so, the president confirms that the debts were entered into lawfully and recorded orderly in the main ledger of federal debts without passing judgement on their economy or effectiveness.

Financial debts are all financial liabilities of the Federation that are incurred to allow the Federation to have money at its disposal.

The federal financial debt amounted to EUR 251.938 billion as at 30 November 2021. In 2021, the Federation incurred financial debts in the amount of some EUR 51.692 billion as at 30 November.

	2019	2020	2021
Federal financial debt documents (number)	62	196	164
<i>of which countersigned (number)</i>	<i>53</i>	<i>195</i>	<i>147</i>
Financial debts incurred (in EUR billion)	23.16	52.10	51.69

as at 30 November each

To fund measures to fight the COVID-19 pandemic and mitigate its economic implication, the state incurred, for the second consecutive year, more than EUR 50 billion in debt.

### 5.4 POLITICAL PARTIES ACT

In the context of political parties and elections, the ACA has numerous tasks defined in the Political Parties Act (Parteiengesetz). In the ACA, the responsibility for such tasks lies within the Political Parties and Elections Department. For more information, see [chapter 1.5 “Political Parties Act and audit by the ACA”](#).

### 5.5 MEDIA TRANSPARENCY ACT

The Media Transparency Act (Medientransparenzgesetz) is to create transparency in public-sector advertising and media collaborations. Every six months, the ACA must submit to the media authority KommAustria a list of all legal entities it is aware of and which are subject to its audits, stating their name and executive bodies. This biannual survey of executive bodies of such legal entities requires considerable resources and causes a considerable administrative burden both for the ACA and the legal entities concerned. This special task is a non-audit activity that restrains the ACA in performing its actual core tasks.



## 5.6 INCOMPATIBILITY AND TRANSPARENCY ACT

Since 1983, all members of government at the federal and provincial level, and all state secretaries, must disclose their financial circumstances to the ACA president on taking and leaving office or else every other year.

The ACA president is held to report any unusual accumulations of wealth to the president of the National Council or of the respective provincial parliament. In this process, the ACA president acts in a notarial function, without being granted audit or oversight rights as to the material correctness or completeness of the data supplied.

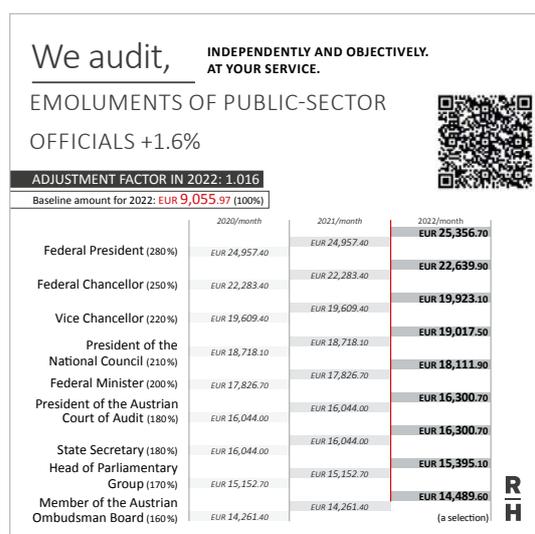
In 2021, owing to elections and changes of government on the federal and provincial level, 47 persons had to be requested to disclose their financial circumstances. Therefore, this task causes a considerable administrative burden.

## 5.7 ADJUSTMENT FACTOR FOR POLITICIANS' EMOLUMENTS

The Act on the Limitation of Emoluments builds on a salary pyramid and provides for a multi-tier system of remuneration, from the federal president to members of the Federal Council graded according to function. In addition, it sets ceilings for the highest body of the Oesterreichische Nationalbank (central bank of Austria) and the highest-ranking officials of the chambers and of the social insurance providers.

The Act on the Limitation of Emoluments provides, as a special task, that the ACA shall promulgate the adjustment factor for the emoluments of public-sector officials on the basis of the law. By 5 December of each year, the ACA shall ascertain and promulgate the adjustment factor. For this, the ACA relies on the communications published by Statistics Austria and the Federal Ministry of Social Affairs. This factor corresponds either to the inflation rate between July of the previous year until June of the current year or the current year's pension increase granted under the General Social Insurance Act (Allgemeines Sozialversicherungsgesetz), whichever is the lesser. Emoluments are then adjusted as of the 1 January of the following year.

For 2022, the ACA calculated a factor of 1.016, which was published on 2 December 2021 in the Official Journal of the Wiener Zeitung. The baseline amount – the gross emoluments for members of the National Council – therefore increased by 1.6%, namely from EUR 9,228.00 (2021) to EUR 9,375.70 (2022).

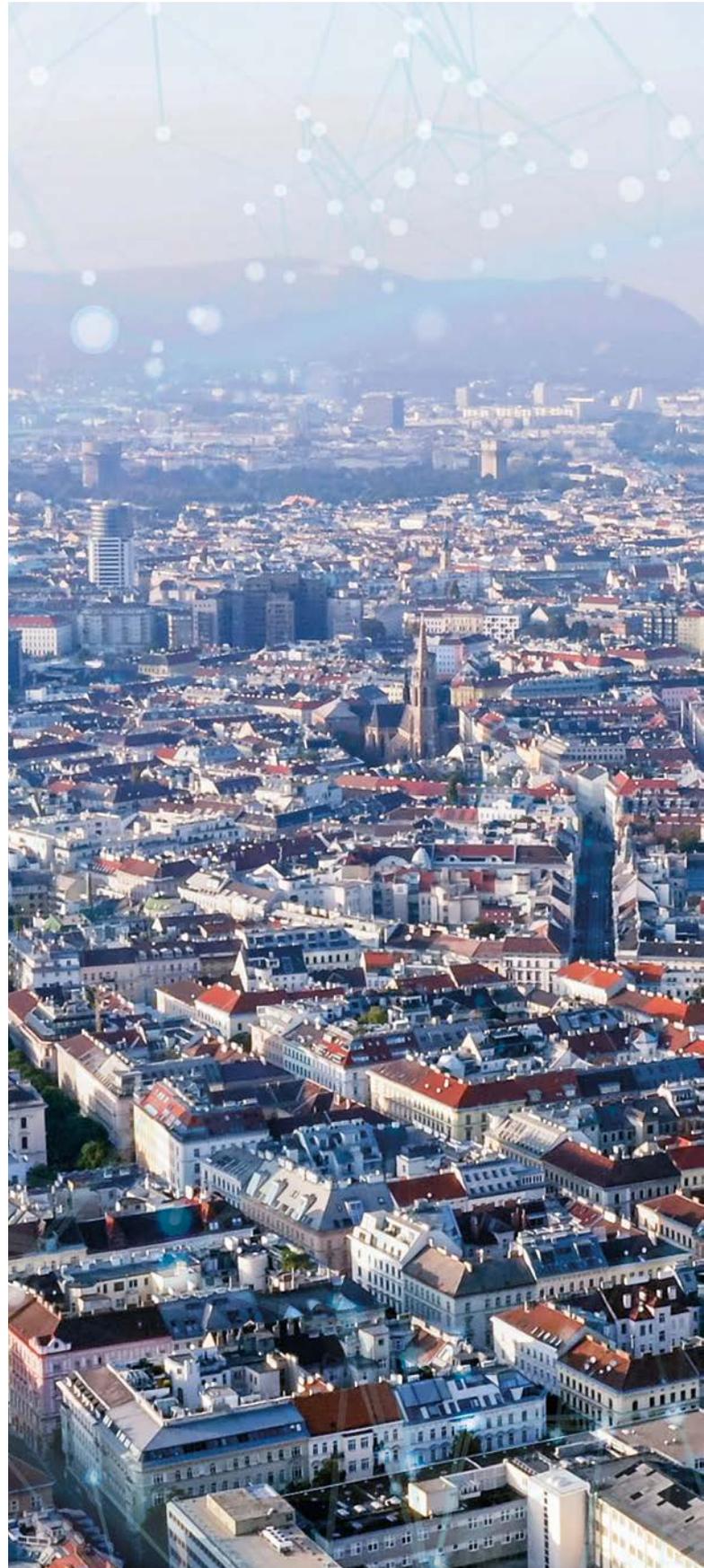


## 5.8 ACT ON THE ELECTION OF THE FEDERAL PRESIDENT

Under the Act on the Election of the Federal President (Bundespräsidentenwahlgesetz), candidates running for election must disclose to the ACA donations, payments received from political parties, sponsoring and advertising, which the ACA reviews as to their accounting correctness and conformity with the Act on the Election of the Federal President. As the next presidential election will take place in 2022, no need for action arose for the ACA in 2021.

## 5.9 EXPERT OPINION PURSUANT TO THE STABILITY PACT

Also as regards this special task, no need for action arose for the ACA in 2021: the Austrian Stability Pact 2021 stipulates in Article 18 that the ACA shall prepare an expert opinion only if Statistics Austria detects sanction-relevant circumstances.





*The ACA attaches great importance  
to international cooperation.*

## 6 INTERNATIONAL COOPERATION

The ACA attaches great importance to international cooperation – especially in its capacity as the General Secretariat of the International Organization of Supreme Audit Institutions (INTOSAI). Furthermore, the ACA regularly engages in a bilateral cooperation with other audit institutions and is also collaborating with the Supreme Audit Institutions of the EU Member States.

### 6.1 THE ACA'S ACTIVITIES AS THE INTOSAI GENERAL SECRETARIAT

Also in 2021, INTOSAI's operations were strongly shaped by the COVID-19 pandemic. In its capacity as the General Secretariat of INTOSAI, the ACA placed a great emphasis on ensuring a seamless communication at the virtual level. Fortunately, all INTOSAI events could be held online as planned.

In addition to the INTOSAI Governing Board meeting in November 2021, the meetings of the four goal committees in June, September and October 2021 were also held online.

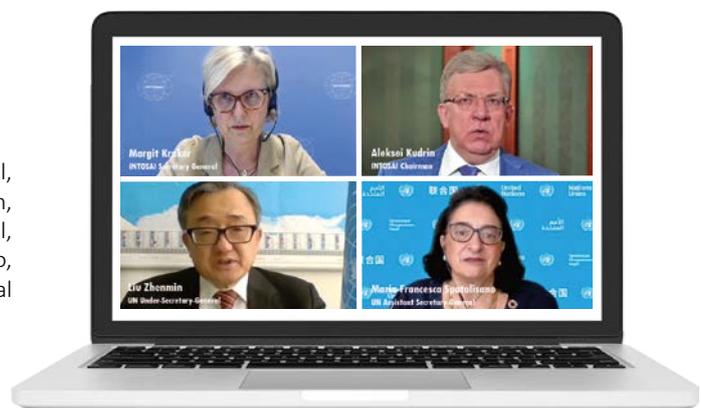
Margit Kraker, INTOSAI Secretary General,  
Alekssei Kudrin, INTOSAI Chairman,  
Liu Zhenmin, UN Under-Secretary-General,  
Maria-Francesca Spatolisano,  
UN Assistant Secretary-General



### ORGANIZATION OF THE 25<sup>th</sup> UN/INTOSAI SYMPOSIUM

For as many as 50 years, the INTOSAI General Secretariat and the United Nations (UN) have held a joint symposium to promote the development of capacities of Supreme Audit Institutions (SAIs). For the first time in its 50-year-old history, the 25<sup>th</sup> UN/INTOSAI Symposium, which took place from 28 to 30 June 2021, was held via videoconference. This enabled a particularly large number of interested persons – almost 300 representatives of international organizations and SAIs from about 120 countries – to attend the symposium.

Under the heading “Working during and after the pandemic: building on the experience of Supreme Audit Institutions (SAIs) for strengthening effective institutions and achieving sustainable societies”, the symposium focused on an exchange of the experiences made during the pandemic and the lessons learned for the future. The conclusions and recommendations adopted by the symposium participants on the last day of the symposium, as well as the summary report, are available on the INTOSAI website.



## COOPERATION WITH THE UNITED NATIONS IN THE IMPLEMENTATION OF THE SDGS

Also beyond the organization of the UN/INTOSAI Symposium, the ACA cooperated closely with the UN in 2021. A particular focus of this cooperation was the contribution of SAIs to the implementation of the UN Sustainable Development Goals. In her capacity as the Secretary General of INTOSAI, President Kraker participated in two high-ranking UN events related to the SDGs.

The virtual “SDG 16 Conference” held by the UN from 28 to 30 April 2021 addressed how the provisions of Goal 16 (Peace, Justice and Strong Institutions) can provide guidance to address the pandemic. The INTOSAI Secretary General explained that SAIs can play an essential role in ensuring transparency and accountability during and after the COVID-19 pandemic.

This year’s High-Level Political Forum on Sustainable Development centred around the topic “Sustainable and resilient recovery from the COVID-19 pandemic that promotes the economic, social and environmental dimensions of sustainable development”.

In a high-ranking panel discussion on 8 July 2021, the Secretary General of INTOSAI presented the contribution that SAIs can make through their audit activities in times of crises and beyond: especially with regard to reaching SDG 16 by safeguarding transparency and accountability, but also as regards SDGs 3 (Good Health and Well-Being), 10 (Reduced Inequalities) and 17 (Partnerships for the Goals). In order to support SAIs in their efforts, the INTOSAI General Secretariat published the SDG reports that had been prepared by the INTOSAI member SAIs on the INTOSAI website. An interactive world map,

the “SDG Atlas”, illustrates how many SAIs worldwide have already published SDG reports. The ACA, too, made another contribution by publishing the report “Reducing Food Waste – Implementation of SDG Target 12.3 of the 2030 Agenda” (volume 2021/19) in May 2021.

## 75<sup>th</sup> INTOSAI GOVERNING BOARD MEETING

The INTOSAI Governing Board convened for the 75<sup>th</sup> time on 23 November 2021, and for the second time the meeting was held in a virtual mode due to the pandemic. Overall, about 130 auditors representing the 20 member SAIs of the Governing Board and some observers attended the meeting.



Aleksei Kudrin, Chair, Russian Federation,  
Margit Kraker, Secretary General, Austria,  
Bruno Dantas, Brazil,  
Tsakani Maluleke, South Africa,  
Girish Chandra Murmu, India,  
Hussam Alangari, Saudi Arabia

In her capacity as Secretary General of INTOSAI, President Kraker reported to the members of the Governing Board on the priorities of the General Secretariat in 2021: in addition to the contribution of SAIs to the implementation of the SDGs, the focus was primarily on promoting the independence of SAIs. Furthermore, she provided information on current developments (e.g. membership applications, modalities for hosting the next INTOSAI Congress) and gave an overview of INTOSAI's financial affairs.

#### **PARTICIPATION OF THE SECRETARY GENERAL IN THE IDI BOARD MEETINGS**

In her capacity as Secretary General of INTOSAI, President Kraker is also board member of the INTOSAI Development Initiative (IDI). In March, June and November 2021, she participated in three virtual meetings of the IDI Board. The IDI aims to support capacity building and to promote SAI independence. The "Global SAI Stocktaking Report 2020" published in October 2021 shows that SAIs, especially in less developed countries, still face major constraints, as regards for example financial independence and access to information.

#### **REGIONAL ORGANIZATIONS: EUROSAI CONGRESS**

As the General Secretariat of INTOSAI, the ACA maintains regular contact with the Regional Organizations. In the framework of the Congress of the European Organization of Supreme Audit Institutions (EUROSAI), which was held virtually in April 2021, the INTOSAI Secretary General informed the EUROSAI member SAIs about key issues and current developments within INTOSAI.

In addition, the General Secretariat of INTOSAI participated in the Congress and the General Assembly of the Pacific Association of Supreme Audit Institutions (PASAI) and the Asian Organization of Supreme Audit Institutions (ASOSAI) in June and September 2021, respectively.

## **6.2 COOPERATION IN THE FRAMEWORK OF THE EU CONTACT COMMITTEE**

#### **VIRTUAL MEETING OF THE CONTACT COMMITTEE**

The virtual meeting of the Contact Committee of the Supreme Audit Institutions of the European Union and the European Court of Auditors (EU Contact Committee) on 10 November 2021 revolved around the COVID-19 crisis. The ACA contributed its experience gained from adapting its audit programme in response to the pandemic. Another topic concerned the exchange of ideas in connection with the audit of the NextGenerationEU programme.

#### **COOPERATIVE AUDITS**

In implementing an initiative of the EU Contact Committee's Task Force on the European Banking Union, the ACA performed a parallel audit together with the SAIs of Germany, Estonia, Finland, the Netherlands, Portugal and Spain. This audit assessed the functioning of the Single Resolution Mechanism (SRM) in the preparatory activities for the resolution of medium and small banks.

The ACA's report "Bank Resolution in Austria" (volume Federation 2020/18), which had been published already in May 2020, fed into the overall report "Preparation for resolution of medium-sized and small banks in the Euro area – Results of a parallel audit of supreme audit institutions on banking resolution".

The report "VAT on International Digital B2C Services" (volume Federation 2021/28) published in July 2021 addressed an internationally rapidly growing industry. The ACA identified risk potentials in the area of international business-to-consumer (B2C) services that could lead to a loss of revenue for the public budget and distort competition.

### 6.3 BILATERAL COOPERATION

#### EXCHANGE WITH THE GERMAN BUNDESRECHNUNGSHOF

At the bilateral level, the ACA engaged in an intensive exchange especially with the German Bundesrechnungshof. In April and October 2021, President Kraker attended the biannual "Conference of Presidents of the Audit Institutions of the Federation and the Federate States". In addition to the Presidents of the German Bundesrechnungshof and the audit institutions of the federate states, the Director of the Swiss Federal Audit Office and the President of the European Court of Auditors also participated in the conference.

The SAIs' responses to the COVID-19 crisis and its implications on public budgets took centre stage of the meetings held in 2021. This exchange of ideas was further deepened on the occasion of a visit rendered by the President of the Bundesrechnungshof, Kay Scheller, to the ACA in October 2021. The role of SAIs during the pandemic was also the topic of a jointly recorded podcast.

#### PEER REVIEW OF THE ROMANIAN COURT OF ACCOUNTS

Together with representatives of the SAIs of Poland and the Netherlands, the ACA participated in a peer review of the Romanian Court of Accounts from September 2020 to September 2021.

As part of this peer review, the team assessed to which extent the working methods of the Romanian Court of Accounts complied with international standards of external public audit and identified some potential for improvement. Due to the limitations posed by the pandemic, this peer review was conducted entirely virtually.



*The safety of the ACA's staff members  
had and still has the highest priority.*

## 7 ACA – INTERNAL ORGANIZATIONAL STRUCTURE

### 7.1 DAY-TO-DAY OPERATIONS

Since the beginning of the COVID-19 pandemic, the ACA has always followed the guidelines of the Federal Government. For example, the ACA most recently implemented the “3G” rule (derived from the German words “getestet, geimpft, genesen”, i.e. “tested, vaccinated or recovered”) at its own offices as of November 2021, made its telework regulation more flexible as of mid-November in view of the epidemiological situation and in order to protect its staff, and adapted its operations to the fourth lockdown as of 22 November. The safety of the ACA’s staff and all of its external stakeholders has always been and still is a top priority.

Therefore, already at the beginning of 2021, a large number of the ACA's staff was working from home during the lockdown at that time. Many aspects had already become part of routine and everyday life: equipped with laptops, video conferencing tools and secure connections to all data and information, auditors continued their audit work. Almost all on-site audits were replaced by online conversations and interviews with representatives of audited entities held via video conferencing tools; it was possible to virtually hold both internal team meetings and final meetings with audited entities.

In the first months of the year, the ACA’s staff was only working on site in essential areas, with the aim of maintaining an uninterrupted performance level. The ACA bestowed great care on complying with the required protective meas-

ures. Wearing an FFP2 mask outside of one's own office was and still is a matter of course for everyone present. In addition, staff were able to regularly do COVID-19 tests on site.

All of the ACA’s protective measures were defined by a COVID taskforce specifically established for this purpose together with staff representatives. This enabled the ACA to remain productive even during lockdowns.

Video conferences and contact via e-mail as well as telephone made many things possible; however, many missed personal contact and social interaction. The situation improved from June 2021 when the ACA returned to its normal operations and its staff to the office building. Thanks to extensive protective measures (FFP2 mask, taking a test before meetings and keeping the required distance), meetings could once again be held in person. New staff members who had joined the ACA during the pandemic finally got to know colleagues outside of their departments and the integration events.

Personal exchange was not only possible again, but also very welcome. Audit activities could once again and to a greater extent be carried out on site.

In summary, it can be stated that the ACA’s success and its consistent performance quality, even in times of crises, are based on the commitment of its staff, the strong team spirit and constructive sense of cooperation.

## 7.2 ORGANIZATION

However, personal contact between colleagues and in-person audit conversations with representatives of audited entities are undoubtedly contributing factors to lasting success. There is no substitute for an on-site audit.

The ACA consists of four audit divisions and the Management and Administration Division.

In the ACA's organizational structure, knowledge and experience are reflected in all divisions and pooled in the audit units: each audit division is made up of two cross-departmental audit units, which are to provide for the technical and organizational management of an audit division. The audit units cover audit fields that are, in essence, related to each other.



**AT AUDIT UNIT LEVEL...**

- a joint, cross-departmental strategy is prepared and implemented for the audit unit,
- the heads of department work as a team,
- the audit planning is carried out both within and across departments,
- time resources and technical expertise can be pooled and used optimally,
- audit processes can be coordinated and managed across departments based on defined priorities.

**FUNCTIONING**

**Audit divisions 1, 2, 3, 4**

**Audit units:**

- Legal Matters, Transparency, Subsidies
- Human Resources, Digitalization, Security
- Construction, Federal Buildings, Municipalities
- Public Health, Care, Social Affairs
- Education, Science, Research, Culture
- Infrastructure, Planning, Economy
- Public Finances
- EU Funding, Energy, Environment, Agriculture

**Management at the audit unit level**

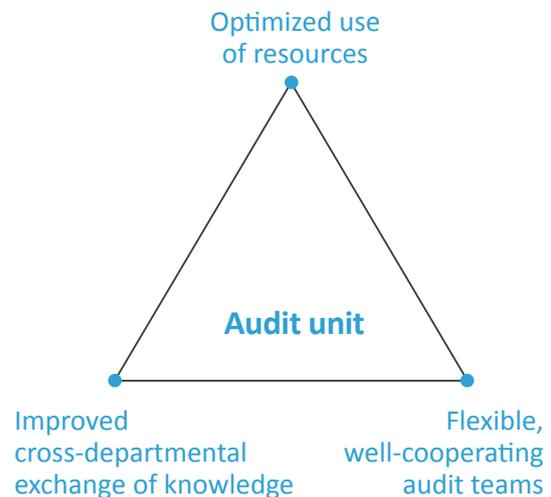
**self-organized teamwork**

to meet the requirements with regard to quality, timeliness and efficiency in auditing.

**Objective:**

1. Adequate audit teams
2. High-quality audit results
3. An implemented audit programme

**ADDED VALUE**



Especially in times of a pandemic, it is necessary to pool the knowledge and competences from different departments. The cross-departmental cooperation in (and sometimes also beyond) the audit units rendered comprehensive audits of COVID-19-related issues possible, such as the audit of the Hardship Fund (“Hardship Fund – Funding Administration“, volume Federation 2021/29) or the systematic presentation of “COVID-19 – Structure and Scope of the Financial Aid Measures“ (volume Federation 2021/25).

Also the special audits related to health care on the topics “Medical Care in the Independent Healthcare Sector“ (volume Federation 2021/30) and “Medical Training“ (volume Federation 2021/42) as well as on “Health Promotion and Prevention“ (a still ongoing audit) were and are performed within an audit unit and involve different departments.

## **DIGITALIZATION PROJECTS:**

*The continuous optimization of the internal work processes is a key success factor for digitalization at the ACA.*

### **7.3 DIGITALIZATION AT THE ACA**

In performing its tasks, in particular those related to public audit, and in managing its organizational processes, the ACA must face the challenges of digitalization. Against this backdrop, 2021 was shaped by a wide range of digitalization projects. In addition to that, the necessary replacement of hardware was launched in autumn 2021.

#### **PROGRESS IN DIGITALIZATION PROJECTS**

In the framework of the project “Digital ACA”, which was started at the beginning of the year, several digitalization initiatives consisting of coordinated sub-projects were initiated and have since been continued. One central aim of this project is to further revise and improve the existing operational processes through digital transformation. Potential for development as regards modern knowledge management, documents control and internal administrative processes is to be identified and harnessed in the course of this project. As far as the selection of technologies and systems is concerned, the ACA made use, as far as possible, of already existing solutions in public administration in order to tap into available know-how, minimize

costs and create possible synergy effects with other institutions.

In May 2021, the ACA therefore joined the electronic training management platform E-BM, which has been used by numerous federal ministries for some years. Through E-BM, paper-based registration and feedback processes for internal and external seminar registrations are digitized.

The human resources management tool eDok/Pro has been used for internal staff-related processes since 2021 and the introduction of the electronic file system ELAK is another important step in the currently ongoing digitalization process within the ACA, which serves to increase the efficiency of

processes and to reduce interfaces. The ACA's audit process has already been digitalized; from now on the auditors will have a digital workflow tool at their disposal.

Efficient processes had been a top priority in all sub-projects even before the conversion to digitalized and automated applications. The support created by this structured procedure rendered it possible to increase the added value and efficiency already in 2021, for example as regards the preparation of audit results.

### DATA ANALYSIS AT THE ACA

In 2021, the ACA further expanded its expertise with regard to data analysis. The department “Information Technology” features a team of data analysts. Data analysis makes use of statistical methodologies to derive information from collected data and to use such information to produce audit results. The data team supports the ACA’s audit work in particular as regards the following:

### DATA COLLECTION AND DATA PROCESSING

In the audit planning process, the data team translates – in close cooperation with the lead auditor – the central questions of an audit into quantitative and verifiable hypotheses that can be empirically assessed with the data collected. This joint planning process also involves the research as to which data is available and how it can be accessed. Many audits generate large amounts of data that cannot be processed with conventional

spreadsheet applications. The data team converts this data into a form that can be analysed.

### INTERACTIVE GRAPHS

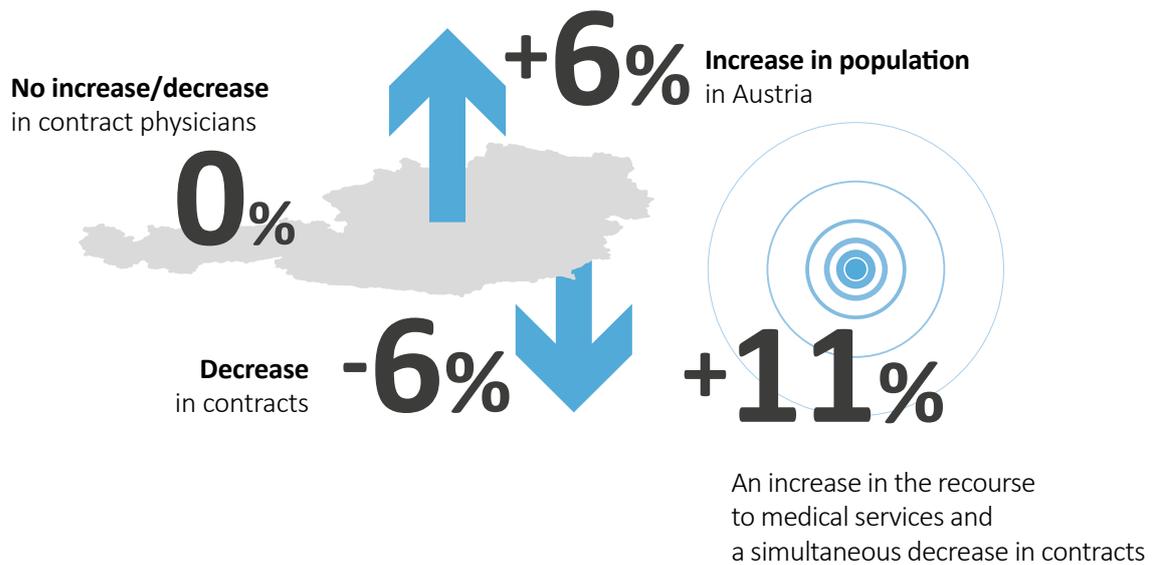
To illustrate the central results of an audit, the data team prepares, where necessary, interactive web graphs. In this way, citizens are offered an easy-to-understand overview of the audit results on the ACA’s website. The results of the audit “COVID-19 – Structure and Scope of the Financial Aid Measures” (volume Federation 2021/25) were, for example, visualized through an interactive format – see chapter “1.1 Auditing in times of the COVID-19 pandemic”.



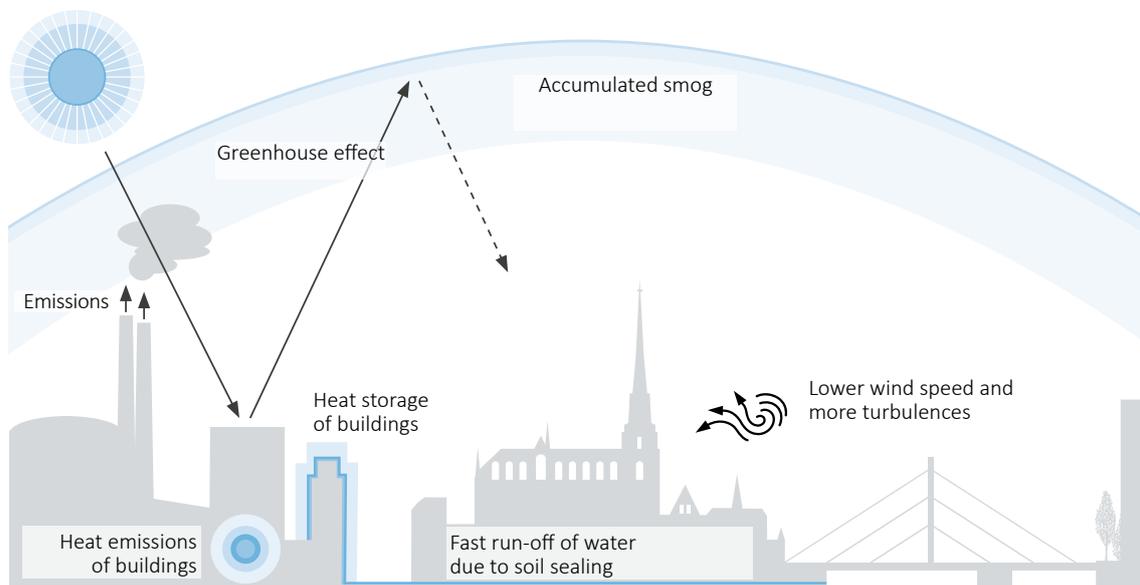
**VISUALIZATIONS THROUGH GRAPHS**

Data analysis has brought a new dynamic to the increasingly important visualization of audit results. In addition to its interactive web graphs, the ACA also attaches great importance to improving “static” graphics in its reports. In this context, it focuses on the

informational value, comprehensibility and content. The aim is to bring abstract data and complex relations into a graphic and therefore visually comprehensible form. The report “Medical Care in the Independent Healthcare Sector” (volume Federation 2021/30), for example, featured the following graph:



Another report, namely “Climate Change Adaptation in the City of Linz” (volumes Federation 2021/27, Upper Austria 2021/5), contained the following graph:



## 7.4 OUTCOME TARGETS

The federal ministries and supreme bodies of the Federation are required to define in a transparent manner which effects they aim to achieve for the citizens, which measures they intend to adopt and how they will measure the success of such measures, with the budgetary funds available.

The ACA has set itself the following medium-term outcome targets:

1. Providing effective audit-based advice to the National Council, the provincial parliaments and the audited entities
2. Establishing transparency on the use of public funds and the financial sustainability of the general government
3. Establishing transparency on the actual state of equality between women and men and on diversity
4. Increasing the ACA's impact, in particular through the cooperation with other audit institutions and through a modern knowledge management in the ACA

The ACA has always attached great importance to creating the best possible impact with its resources and its performance. With the outcome targets it has set itself, the ACA covers the wide range of tasks assigned to it and also places an emphasis on its core task of auditing. Numerous measures are to contribute to the attainment of the outcome targets.

In addition to the obligatory annual evaluation, the ACA assesses its success and progress every six months based on defined impact and performance indicators. If there is a risk that it will not achieve its own targets, control measures are taken where possible.

The biannual evaluation conducted in 2021 showed that the COVID-19 pandemic still had implications on the ACA's work: adaptations to the audit work and cancellations of international events resulted, as in the past year, in insecurities with regard to the attainment of the target values. The ACA, however, reached its target values as far as two of its key outcome indicators are concerned: the follow-up enquiry showed that the degree of the ACA's impact as regards the implementation of its recommendations was (according to the information provided by the audited entities) at 86.5%; the follow-up audits (carried out by the ACA on site) showed a degree of implementation of 80.3%.

## 7.5 STAFF

*Some 83%  
of the ACA's staff members  
work in an audit function*



*Average age of auditors in an  
audit function*

**49**

As at 1 December 2021, 154 women and 151 men were employed at the ACA. The share of women has thus surpassed 50% and is also clearly higher than the total share of women in public service. According to the current Federal Equal Treatment Report, the share of women in federal civil service was at 42.5% in end-2019.

33,4% of the ACA's staff members working in an audit function hold a degree in law, 36.9% a degree in business and 8.3% are graduates of technical universities. About one fifth of the ACA's staff have very different degrees, including, for example, German language and literature, business informatics, art history and spatial planning. The interdisciplinarity of the audit service is its great strength and enables the ACA to deal with comprehensive and complex cross-sectional issues in the context of its audits.

The overall 305 staff members of the ACA equal almost 284 full-time equivalents. About 72% of the staff members are graduates, some 83% work in an audit function. The average age was at slightly over 49 years in end-2021.



*Share of university  
graduates  
at about 72%*

### BASIC TRAINING AT THE ACA

Due to increased telework, the integration of new staff members was a challenge in 2021. The ACA welcomed more than 20 new colleagues via videoconferencing, some of whom were familiarized with the ACA's processes on site, but most of whom were briefed virtually.

Some 30 staff members in the audit service, in the assistance service and in other functions are currently completing the ACA's basic training. In March 2021, due to COVID-19, in-person events serving to integrate new staff members – namely the “Welcome Day” and “Integration” – had to be held via video-conference. The “onboarding talks”, usually held in person and conducted by the human resources development team together with the new employees, were also completed online. In July 2021, the participants of these events were finally able to meet the head of the Management and Administration Division in the framework of a face-to-face meeting and exchange.

#### **CERTIFICATE PROGRAMME PUBLIC AUDITING – THE JOINT BASIC TRAINING FOR PUBLIC AUDITORS IN AUSTRIA**

The fourth, three-semester certificate programme “Public Auditing”, which is jointly held with the Executive Academy of the Vienna University of Economics and Business, was started in autumn 2020. The second semester in spring 2021, too, was held online. However, in autumn 2021, the fifth certificate programme “Public Auditing” could be started as planned; namely as an in-person programme in compliance with the COVID-19 prevention measures and the rule to have taken a PCR test and to be either vaccinated or recovered. The fourth certificate programme Public Auditing is attended by one staff member of the ACA, the fifth certificate programme Public Auditing includes eight ACA staff members. The other participants are staff members of the provincial audit institutions, the City of Vienna Court of Audit and the Federal Ministry of the Interior.

#### **THE STAFF MEMBERS' KNOWLEDGE IS THE ACA'S GREATEST ASSET**

The ACA does not only attach great importance to its high-quality basic training, but also – in addition to the training on the job – to ongoing education and training. The topics covered by the approximately 100 internal training programmes and events organized by external seminar providers – held in person or online – included IT training, methodology and specialist seminars on audit-relevant topics as well as management seminars. The ACA's auditors also attended numerous relevant conferences, from the Speyerer Europarechtstage to the Public Procurement Forum through to the Tax Day of the Chartered Accountants.

#### **EDUCATION CONFERENCE 2021 – AUDIT PRIORITY “NEXT GENERATION AUSTRIA”**

In autumn 2021, the ACA's education conference was held in a hybrid format and it was attended by all staff members, who participated either on site in the premises of the Austrian Economic Chambers or attended via livestream from the ACA's premises or at home. In a panel discussion, President Margit Kraker outlined, together with Kay Scheller, President of the German Bundesrechnungshof, and Gabriel Felbermayr, Director of the Austrian Institute of Economic Research, aspects of auditing in times of the pandemic. The future interaction of state and economy against the background of global challenges – such as climate change – was also discussed. Furthermore, numerous questions from the staff members were answered.

Keynote speeches by Martin Giesswein, author of the book “Digital Game Changer”, on digital skills and Martin Kreutner, International Counsel and Dean Emeritus of the International Anti-Corruption Academy, on the topic of compliance, a video message by virologist Janine Kimpel from the University of Innsbruck on current COVID-19 data and a lecture by psychologist Sabine Zinke on the changes in the working world prompted by COVID-19, together with further panel discussions, rounded off the programme.

After a prolonged phase of the pandemic, the ACA’s education conference was an important milestone for the ACA and its staff members and created a common understanding on the new three-year audit priority “Next Generation Austria” (see chapter 1.8 “New three-year audit priority”).



Gabriel Felbermayr,  
Director of the Austrian Institute of Economic Research,  
President Margit Kraker,  
Kay Scheller,  
President of the German Bundesrechnungshof

## 7.6 BUDGET

In 2021, the ACA operated on a budget of EUR 36.5 million. Its reserves amounted to some EUR 1.434 million.

Fully in line with its audit priority from 2022 on, the ACA is promoting a sustainable and effective financial management with a view to the next generations.

The ACA needs sufficient and well-trained auditors in order to provide high-quality audits. Consequently, the ACA’s budget is largely determined by its personnel requirements. Personnel expenses accounted for about 86.7% of the overall expenses in 2021. Pursuant to the federal personnel plan, the ACA would be entitled to 323 posts. However, with the budget funds available, it could only finance an average of 283 full-time equivalents and thus only exhaust about 87.6% of the personnel plan. This means that the staffing of the ACA is at the lower limit.

The ACA’s administrative expenditure involved, among others, significant digitalization projects in 2021. This enabled the ACA to attain major progress in the area of automation and digitalization (see chapter 7.3 “Digitalization at the ACA”). The hardware replacement required in 2021 could be financed with the additional funds provided by the Federal Ministry of Finance. However, individual cost-intensive investments in the ACA’s premises had to be postponed.

Ensuring high-quality audit and oversight, the continuation of the necessary digitalization projects and the implementation of measures with regard to the security of the ACA’s premises require sufficient resources and a realistic medium-term financial framework for the

ACA. As an independent supreme audit institution, the ACA needs planning security in order to be able to cover its wide range of tasks in the best possible way and to meet the increasing audit requirements to a sufficient extent.

The ACA repeatedly highlighted that an expansion of its audit remit, as outlined in the Government Programme with regard to political party funding and the audit of public companies and as requested in many motions of the National Council, cannot be implemented with the existing budget resources.



Vienna, December 2021

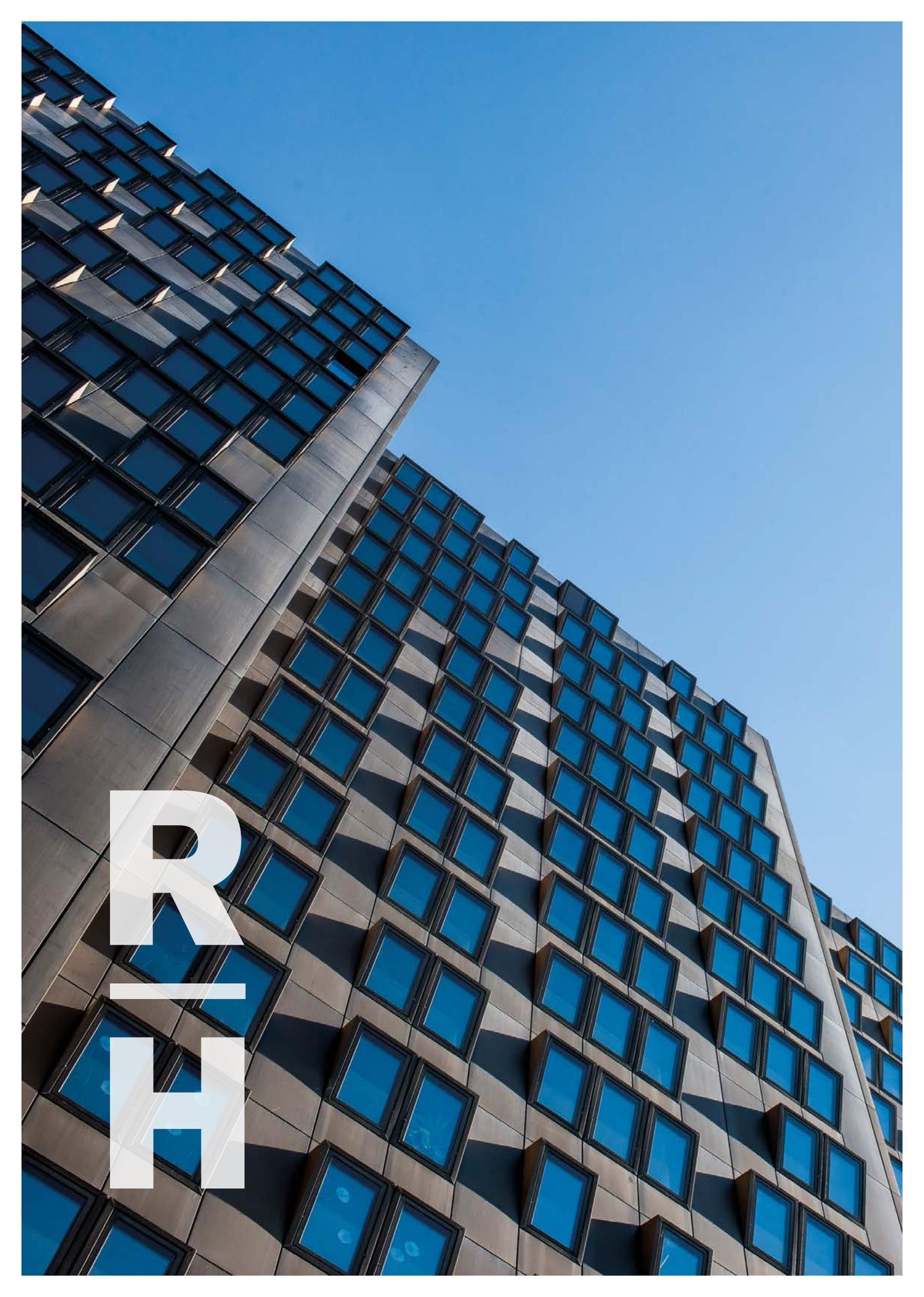
The President:

Margit Kraker

## PHOTOS

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